

CITY OF WESTMINSTER, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

**WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

JUNE 30, 2005

Prepared by:

Department of Finance

**Paul Espinoza
Finance Director/City Treasurer**

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CITY OF WESTMINSTER

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December 1, 2005

To the Honorable Mayor, Members of the City Council and Citizens of the City of Westminster:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Westminster for the fiscal year ended June 30, 2005.

This report consists of management's representations concerning the finances of the City of Westminster. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Westminster has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Westminster's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Westminster's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Westminster's financial statements have been audited by Diehl Evans & Co., LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Westminster for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Westminster's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Westminster was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Westminster’s separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Westminster’s MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Westminster

The City of Westminster, incorporated in 1957, is located in the northeast corner of Orange County. The City of Westminster currently occupies a land area of 10.6 square miles and serves a population of 92,270.

The City of Westminster operates under the council-manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of the Mayor and four Council members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, hiring the City Manager and appointing the City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government and for appointing the heads of the City departments. The City Council is elected, at large, on a non-partisan basis. The Mayor is elected, at large, to serve a two-year term. Council Members serve four-year staggered terms, with two Council Members elected every two years.

The City of Westminster provides a full range of services, including police, fire protection (as a contract member of the Orange County Fire Authority), water utility, street and infrastructure maintenance and construction, recreational and cultural services, planning and community development and general administration. The City of Westminster also is financially accountable for the legally separate Westminster Redevelopment Agency and the Westminster Financing Authority. The City has accounted for the Agency and Authority as “blended” component units and therefore they have been included as an integral part of the City of Westminster’s financial statements.

The annual budget serves as the foundation for the City of Westminster's financial planning and control. All departments of the City of Westminster are required to submit requests for appropriation to the City Manager each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the City of Westminster's fiscal year. The appropriated budget is prepared by fund (e.g., general), department (e.g., public works), and program (e.g., engineering). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments within the same fund require the City Manager's approval. Transfers between funds, however, require approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 83 as part of the required supplementary information portion of the basic financial statements for the governmental funds. For other funds with appropriated annual budgets, this comparison is presented beginning on page 84 of this report.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Westminster operates.

Local Economy. The City of Westminster continues to enjoy a healthy financial climate as a result of its central geographic location within West Orange County and its diversified commercial, retail and industrial base. For the last ten years, the City has seen an increase in sales tax also due to its economic diversity and a large number of small to medium-size businesses that generate consistent revenue in spite of area and statewide changes in the economy. The City continues to draw major new retail investors including the opening of a Walgreen's Pharmacy at Beach and Westminster, the new Millennium Plaza at 9972 Bolsa, the Westminster Superstore at the former K-Mart Shopping Center, and the new Outback Restaurant at the Westminster Mall. Housing developers are attracted to Westminster as well because of its excellent location, mild weather, quality schools, wide variety of shopping experiences and easy access to all of Orange County and surrounding areas. Within the last year an affordable apartment project was completed for the "Intergenerational" housing project on 13th Street that is a combination of affordable senior and family housing with a total of 85 units.

State Budget. As part of the adopted State budget, cities and redevelopment agencies will help the state solve its budget crisis by giving up \$1.3 billion in local revenues in the fiscal year 2005-06. The City's share in this will be approximately \$900,000. This total includes ERAF III funds. In November 2004, voters overwhelmingly passed Proposition 1A, which allows State government to *borrow*, but not take City funds during a fiscal emergency.

State Budget (Continued). Further, the governor is committed to curbing the state's ability to borrow from Proposition 42 and will introduce legislation this year that constitutionally prohibits the suspension of future Proposition 42 transfers, beginning in fiscal year 2007-08. As of today, no language has been drafted. Similar to Proposition 1A, this proposal will be accomplished through a constitutional amendment, to be placed on the ballot, which will require the state to payback without interest approximately \$3.4 billion in Proposition 42 funds over 15 years beginning in FY 2006-07. While the current budget proposal is silent on whether or not Proposition 42 will be suspended in FY 2006-07, it leaves open this possibility.

Cash Management. Cash temporarily idle during the year was invested in instruments permitted under Section 53600 of the California Government Code and the City's adopted investment policy. Permitted investments include demand deposits, certificates of deposit, obligations of the U.S. Treasury and agencies, as well as high-grade commercial paper and banker's acceptances. Average yield for investments was 3.07% for fiscal year 2005.

Risk Management. The City maintains self-insurance programs for workers' compensation and general liability as part of its comprehensive risk management program. The city is self-insured for worker's compensation up to \$275,000 per person per occurrence. General liability self-insurance is limited to the first \$350,000 of liability per occurrence. Excess coverage is maintained through the California Insurance Pool Authority (CIPA), a consortium of eleven cities in California organized to pool resources and share risks, as well as the costs of professional risk management and claims administration. Excess coverage is maintained in the amounts of \$5,000,000 and \$20,000,000 annual aggregate for worker's compensation and general liability, respectively. The City has accrued a liability for all known general and workers' compensation claims as of June 30, 2005. In addition, estimated amounts for claims incurred, but not yet reported, have also been accrued.

Pension and Other Postemployment Benefits. The City of Westminster is a member of the California Public Employees Retirement System (CalPERS). CalPERS set the contribution rates for the City's represented and non-represented employee groups. Participants are required to contribute 7%-9% of their annual covered salary. The City makes contributions required of City employees on their behalf and for their account. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. As a result of continued CalPERS investment losses and previously approved enhancements to the benefit plans, the City anticipates significant increases to the employer contribution rate in the next fiscal year.

The City of Westminster also provides postretirement health, dental and life benefits for retirees. As of the end of the current fiscal year, there were 209 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the City of Westminster's pension arrangements and postemployment benefits can be found in Notes 11 and 12 in the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Westminster for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2004. This was the eleventh consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City was also awarded the Certificate of Award for Outstanding Financial reporting by the California Society of Municipal Finance Officers (CSMFO).

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated June 30, 2004. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of a number of City staff and departments, especially the Finance Department. We would like to express our appreciation to all members of the City staff who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the Council Members for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Westminster's finances.

Respectfully submitted,

Vangie Schock
City Manager

Paul Espinoza
Finance Director

CITY OF WESTMINSTER

Principal Officials

CITY COUNCIL

MARGIE L. RICE, Mayor

RUSSELL C. PARIS, Mayor Pro Tem

FRANK G. FRY, Council Member

KERMIT D. MARSH, Council Member

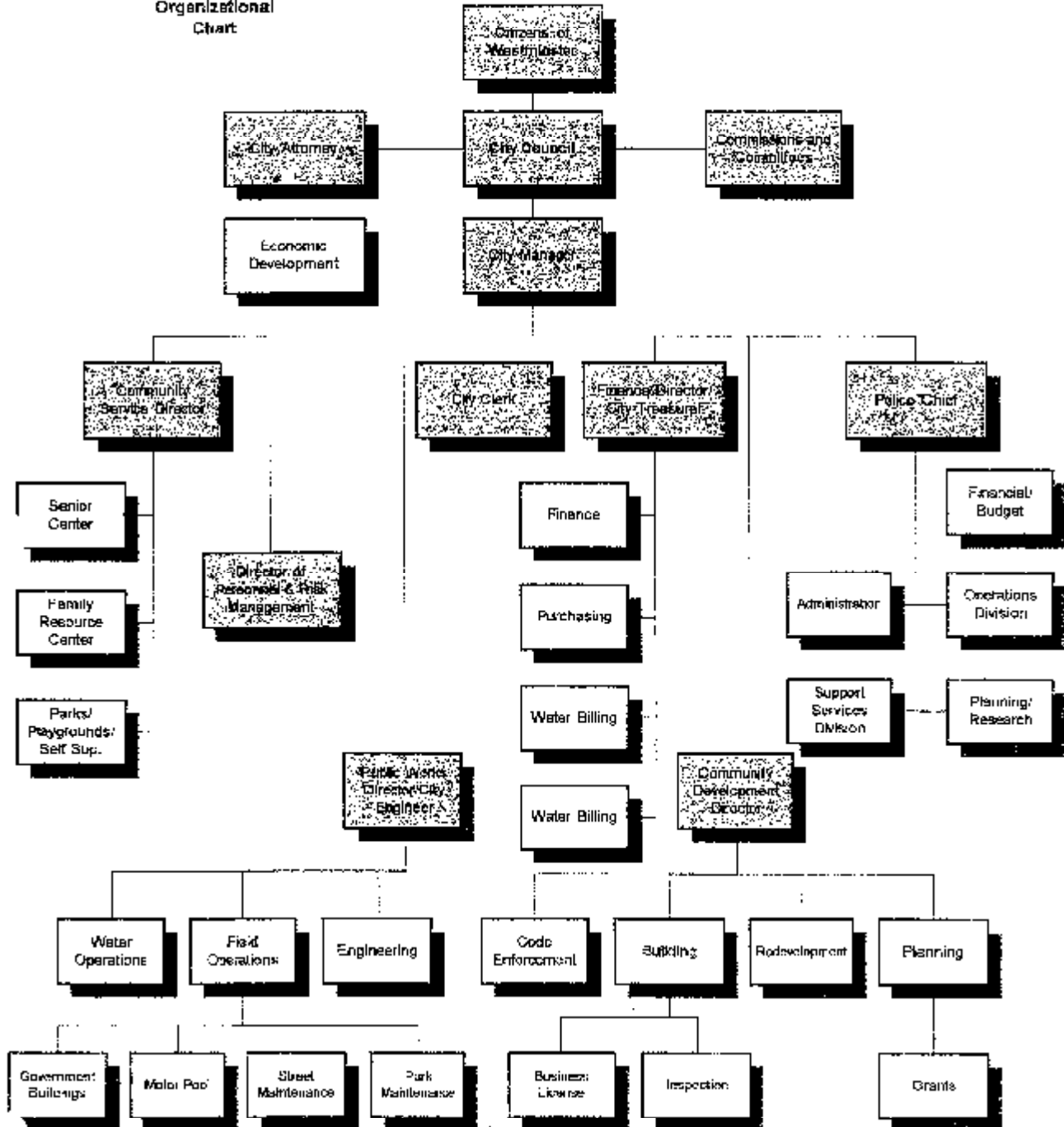
ANDY QUACH, Council Member

CITY STAFF

Vangie Schock	City Manager
Richard D. Jones	City Attorney
Don Anderson	Community Development Director
Andrew Hall	Police Chief
Marwan Youssef	Public Works Director/City Engineer
Marian Contreras	City Clerk
Paul Espinoza	Finance Director/City Treasurer
Pat Corcoran	Director of Personnel & Risk Management



City of Westminster
Organizational
Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Westminster,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zjelke

President

Jeffrey R. Enos

Executive Director

California Society of Municipal Finance Officers

Certificate of Award

Outstanding Financial Reporting 2003-04

Presented to the

City of Westminster

*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

February 24, 2005

William A. Denard

Bill J. Denard, Chair
Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management



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CITY OF WESTMINSTER

Comprehensive Annual Financial Report

June 30, 2005

Financial Section



DIEHL, EVANS & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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* A PROFESSIONAL CORPORATION

September 16, 2005

INDEPENDENT AUDITORS' REPORT

City Council Members
City of Westminster
Westminster, California

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Westminster, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Westminster's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Westminster, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 16, 2005 on our consideration of the City of Westminster's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Westminster's basic financial statements. The introductory section, supplementary information and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Dietl, Evans and Company, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2005

As management of the City of Westminster (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2005, along with comparisons to the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory Section of this report.

FINANCIAL HIGHLIGHTS

- City assets exceeded liabilities by \$208.0 million (net assets). Of this amount, \$65.4 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- City total net assets increased by \$16.9 million. This is mostly due to revenue increases of \$4.6 million in property taxes (provided from the Infrastructure Revitalization Project initiated in fiscal year 2002), \$1.6 million in capital grants and contributions, \$1.4 million in interest earnings (due to increased cash flow, and rising interest rates) and, \$959 thousand in sales tax revenue. In addition, while overall revenues increased, expenses remained static.
- City governmental funds reported a combined ending fund balance of \$93.3 million, an increase of \$10.2 million. \$70.6 million is unreserved and is available for spending at the City's discretion.
- Unreserved fund balance for the General Fund was \$20.6 million, or 55 percent of total General Fund expenditures.
- Total City debt (excluding compensated absences and claims liabilities) decreased by \$2.1 million (3.4 percent decrease). Changes in debt consisted of a new loan funded at \$3.1 million to the Westminster Redevelopment Agency to provide for the financing of the Westminster Rose Cultural Center, \$40,596 in amortized bond costs, and \$5.2 million in principal reduction payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

See accompanying independent auditor's report.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid (e.g., uncollected taxes or earned but unused vacation leave).

Government-wide financial statements distinguish City governmental activities that are principally supported by taxes and intergovernmental revenues from other business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities of the City and the Westminster Redevelopment Agency, a blended component unit, include general government, public safety, community development, community services and public works. A business-type activity of the City includes the water utility.

The government-wide financial statements can be found on pages 21 - 23 of this report.

Fund financial statements

Fund financial statements are designed to report information about groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. City funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

See accompanying independent auditor's report.

The City maintains several individual governmental funds organized by their type (special revenue, debt service and capital projects funds). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Community Promotion, Housing/Community Development, Westminster Redevelopment Agency Debt Service, Westminster Redevelopment Agency Capital Projects, and Capital Projects funds, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements beginning on page 87 of this report.

The City adopts an annual appropriated budget for its General Fund and Special Revenue Funds. Budgetary comparison statements have been provided to demonstrate compliance with this budget. These statements begin on page 83 of this report.

The basic governmental fund financial statements can be found on pages 24 - 30 of this report.

Proprietary funds are generally used to account for services for which the City charges outside customers, or internal departments of the City. Proprietary funds provide the same type of information as shown in the government-wide statements, only in more detail. The City maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for the operations of water.
- **Internal service funds** are used to report activities that provide internal services for the City. The City uses internal service funds to account for its equipment replacement, general benefits, liability administration, information systems and equipment, and government buildings. Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements beginning on page 101 of this report.

The basic proprietary fund financial statements can be found on pages 31 - 35 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs.

The basic fiduciary fund financial statements can be found on page 36 of this report.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 37 - 82 of this report.

See accompanying independent auditor's report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its hourly employees. Required supplementary information can be found on pages 83 - 86 of this report.

Combining statements for non-major governmental funds, internal service funds and agency funds are presented immediately following the required supplementary information. Combining financial statements and schedules can be found on pages 87 - 109 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements - and Management's Discussion and Analysis (MD&A) - for State and Local Governments.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. City assets exceeded liabilities by \$208.0 million at June 30, 2005. This is an increase of \$16.9 million as summarized on the following pages:

Statement of Net Assets*

	Governmental Activities			
	June 30, 2005	June 30, 2004	Increase/ (Decrease) From 2004	Percent Increase/ (Decrease)
Assets:				
Current and other assets	\$124,786,373	\$112,180,456	\$12,605,917	11.24 %
Capital assets, net of accumulated depreciation	116,980,388	112,572,433	4,407,955	3.92 %
Total assets	241,766,761	224,752,889	17,013,872	7.57 %
Liabilities:				
Current and other liabilities	21,164,201	18,009,709	3,154,492	17.52 %
Long-term liabilities outstanding	47,686,836	50,217,008	(2,530,172)	(5.04)%
Total liabilities	68,851,037	68,226,717	624,320	.92 %
Net assets:				
Invested in capital assets, net of related debt	69,841,696	66,853,270	2,988,426	4.47 %
Restricted	40,578,288	33,729,348	6,848,940	20.31 %
Unrestricted	62,495,740	55,943,554	6,552,186	11.71 %
Total net assets	\$172,915,724	\$156,526,172	\$16,389,552	10.47 %

* A more detailed statement of net assets is shown on page 21 of this report.

See accompanying independent auditor's report.

Governmental activities had the greatest changes occur in “Current and other assets”, “Current and other liabilities”, and “Restricted net assets”. The majority of change in “Current and other assets” is due to increases of \$7.7 million in “Cash and investments”, and \$3.2 million in “Cash and investments with fiscal agents”. These changes are partially attributable to receipts of \$3.1 million in bond proceeds from the issuance of new debt, and an overall increase in revenues of \$8.4 million. An increase in current liabilities of \$3.2 million, as well as static expenses throughout the year, also contributed to the increase in cash.

The majority of change in “Current and other liabilities” is due to an increase of \$2.1 million in “Accounts payable and other liabilities”. The majority of this increase is due to \$1.2 million in warrants for the construction of the Westminster Rose Cultural Center, as well as \$708 thousand due to the State for an overpayment of sales taxes during the year. The issuance of new debt also contributed to the City’s increase in “Current and other liabilities”. “Long-term liabilities, due within one year”, increased \$781 thousand, and is expected to continue rising for the next three years, at which time the new debt will be paid in full.

In addition to increasing both current assets and liabilities, the new debt caused an increase in “Restricted net assets”. The Debt Service Fund increased its reserve by \$854 thousand, and the Capital Projects Funds reserve increased by \$3.0 million.

Statement of Net Assets*
(Continued)

	Business-type Activity			
	June 30, 2005	June 30, 2004	Increase/ (Decrease) From 2004	Percent Increase/ (Decrease)
Assets:				
Current and other assets	\$ 4,546,042	\$ 4,078,920	\$ 467,122	11.45 %
Capital assets, net of accumulated depreciation	39,910,884	40,098,541	(187,657)	(0.47)%
Total assets	44,456,926	44,177,461	279,465	0.06 %
Liabilities:				
Current and other liabilities	1,711,376	1,546,374	165,002	10.67 %
Long-term liabilities outstanding	7,672,810	8,077,775	(404,965)	(5.01)%
Total liabilities	9,384,186	9,624,149	(239,963)	(2.49)%
Net assets:				
Invested in capital assets, net of related debt	31,817,042	31,616,482	200,560	0.63 %
Restricted	361,722	355,111	6,611	1.86 %
Unrestricted	2,893,976	2,581,719	312,257	12.09 %
Total net assets	\$ 35,072,740	\$ 34,553,312	\$ 519,428	1.50 %

* A more detailed statement of net assets is shown on page 21 of this report.

See accompanying independent auditor’s report.

Business-type activity remained fairly static for fiscal years 2004 and 2005. The majority of the increase in “Current and other assets” is due to a decrease in “Internal balances”. The increase in “Current and other liabilities” is due in part, to June water production cost warrants which increased by approximately \$80.7 thousand over similar warrants at the end fiscal year 2004. The “Unrestricted net assets” increased due to net income of \$388 thousand for fiscal year 2005. In an era of increasing costs, the City is making a great effort to maintain customer services while keeping water rate increases to a minimum.

Statement of Net Assets*
(Continued)

	Primary Government			
	June 30, 2005	June 30, 2004	Increase/ (Decrease) From 2004	Percent Increase/ (Decrease)
Assets:				
Current and other assets	\$129,332,415	\$116,259,376	\$13,073,039	11.24 %
Capital assets, net of accumulated depreciation	156,891,272	152,670,974	4,220,298	2.76 %
Total assets	286,223,687	268,930,350	17,293,337	6.43 %
Liabilities:				
Current and other liabilities	22,875,577	19,556,083	3,319,494	16.97 %
Long-term liabilities outstanding	55,359,646	58,294,783	(2,935,137)	5.03 %
Total liabilities	78,235,223	77,850,866	384,357	0.49 %
Net assets:				
Invested in capital assets, net of related debt	101,658,738	98,469,752	3,188,986	3.24 %
Restricted	40,940,010	34,084,459	6,855,551	20.11 %
Unrestricted	65,389,716	58,525,273	6,864,443	11.73 %
Total net assets	\$207,988,464	\$191,079,484	\$16,908,980	8.85 %

* A more detailed statement of net assets is shown on page 21 of this report.

The largest portion (48.9 percent) of the City’s net assets reflects its investment of \$101.7 million in capital assets (land, buildings and improvements, equipment, infrastructure, and construction in progress, net of accumulated depreciation); less any related outstanding debt used to acquire those assets. This is an overall increase of \$3.1 million, or 3.2 percent from the prior year. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

See accompanying independent auditor’s report.

Another portion of the City's net assets (\$40.9 million or 19.7 percent) represents resources that are subject to external restrictions on how they may be used. This is a \$6.9 million, or 20.1 percent increase from the prior year. The City's unrestricted net assets of \$65.4 million increased \$6.9 million or 11.7 percent from the prior year. These funds may be used to meet the government's ongoing obligations to citizens, creditors, and City imposed designations (e.g., reserves, pending litigations, contingencies, capital projects).

At the end of fiscal year 2005, the City shows positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities and business-type activity.

Statement of Activities

The statement of activities shows how the government's net assets changed during fiscal year 2005. The City's net assets increased overall by \$16.4 million as summarized on the following pages:

Statement of Activities*

	Governmental Activities			
	For the year ended		Increase/ (Decrease) From 2004	Percent Increase/ (Decrease)
	June 30, 2005	June 30, 2004		
Revenues:				
Program revenues:				
Charges for services	\$ 8,544,716	\$ 8,045,386	\$ 499,330	6.21 %
Operating grants and contributions	5,564,678	5,958,376	(393,698)	(6.61)%
Capital grants and contributions	1,845,256	216,666	1,628,590	751.66 %
General revenues:				
Taxes	55,787,375	50,509,617	5,277,758	10.45 %
Unrestricted investment earnings	2,142,307	770,069	1,372,238	178.20 %
Total Revenues	<u>73,884,332</u>	<u>65,500,114</u>	<u>8,384,218</u>	12.80 %
Expenses:				
General government	6,015,172	6,433,847	(418,675)	(6.51)%
Public safety	30,959,971	28,682,303	2,277,668	7.94 %
Public works	7,382,183	3,600,981	3,781,202	105.00 %
Community development	8,075,648	14,275,910	(6,200,262)	(43.43)%
Community services	1,894,745	1,862,386	32,359	1.74 %
Interest on long term debt	2,498,057	2,303,688	194,369	8.44 %
Total Expenses	<u>56,825,776</u>	<u>57,159,115</u>	<u>(333,339)</u>	(0.58)%
Increase in net assets before transfers	17,058,556	8,340,999	8,717,557	104.51 %
Transfers	<u>(669,004)</u>	<u>193,914</u>	<u>(862,918)</u>	(445.00)%
Increase in net assets	16,389,552	8,534,913	7,854,639	92.03 %
Net assets - Beginning of Year	<u>156,526,172</u>	<u>147,991,259</u>	<u>8,534,913</u>	5.77 %
Net assets - End of Year	<u>\$172,915,724</u>	<u>\$156,526,172</u>	<u>\$16,389,552</u>	10.47 %

* A more detailed statement of activities is shown on pages 22 - 23 of this report.

See accompanying independent auditor's report.

Governmental activities increased the City's net assets by \$16.45 million, thereby accounting for 96.9 percent of the total growth in City net assets. Public safety remains the largest expense function (54.5 percent), followed by community development (14.2 percent), public works (13.0 percent), general government (10.6 percent), interest on long-term debt (4.4 percent) and community services (3.3 percent). General revenues such as property and sales tax are not shown by program, but are effectively used to support program activities citywide.

Operating expenses were impacted by contractually obligated salary and benefit increases. The most significant impacts to the operating costs of the City are the result of an increase in the PERS employer rate for retirement costs and the contractually obligated medical costs. While salaries and benefits increased, other expenses decreased to cover these costs, resulting in a net decrease in expenses of \$333 thousand (.58 percent).

Capital project costs increased \$2.1 million. A majority of the capital projects were provided funding through the Infrastructure Revitalization Project (IRP). These funds are used to provide repairs for residential street and right-of-ways, some water system improvements, as well as a portion to the Westminster Rose Cultural Center. In prior year, public works capitalized \$3.8 million in infrastructure expenses. The current year infrastructure capitalization was paid out of the capital projects funds.

"Capital grants and contributions" increased \$1.6 million (751.7 percent). Of this increase, \$402 thousand was a draw-down on a federal grant for the Westminster Rose Cultural Center. The majority of the remaining change was for various draw-downs on street projects completed during the year.

While trends show most revenues decreasing, IRP funds provided the City with an additional \$4.6 million during the current fiscal year. "Charges for services" increased slightly due to minor increases in some fees, to offset rising costs. Sales tax revenue has increased ten of the last eleven years, with the current fiscal year receiving an increase of \$959 thousand. These three revenue sources, in addition to increases in "Unrestricted investment earnings" and "Capital grants and contributions" in the current fiscal year, have allowed revenues to remain fairly static despite continuing decreases in "Operating grants and contributions" type revenues.

Statement of Activities*
(Continued)

	Business-type Activity			
	For the year ended		Increase/ (Decrease) From 2004	Percent Increase/ (Decrease)
	June 30, 2005	June 30, 2004		
Revenues:				
Program revenues:				
Charges for services	\$10,329,216	\$10,162,780	\$ 166,436	1.64 %
General revenues:				
Unrestricted investment earnings	195,651	141,345	54,306	38.42 %
Miscellaneous	601	746	(145)	(19.44)%
Total Revenues	<u>10,525,468</u>	<u>10,304,871</u>	<u>220,597</u>	2.10 %
Expenses:				
Water enterprise	<u>10,675,044</u>	<u>10,077,883</u>	<u>597,161</u>	5.93 %
Total Expenses	<u>10,675,044</u>	<u>10,077,883</u>	<u>597,161</u>	5.93 %
Increase in net assets before transfers	(149,576)	226,988	(376,564)	(165.90)%
Transfers	<u>669,004</u>	<u>(193,914)</u>	<u>862,918</u>	445.00 %
Increase in net assets	519,428	33,074	486,354	14.71 %
Net assets - Beginning of Year	<u>34,553,312</u>	<u>34,520,238</u>	<u>33,074</u>	0.10 %
Net assets - End of Year	<u>\$35,072,740</u>	<u>\$34,553,312</u>	<u>\$ 519,428</u>	1.50 %

* A more detailed statement of activities is shown on pages 22-23 of this report.
See accompanying independent auditor's report.

Business-type activities increased the City's net assets by \$519.4 thousand, accounting for 3.1 percent of the total growth in City net assets. The Water Utility Fund had a static year with revenue of \$10.5 million and operating expenses of \$10.7 million. For the water utility, fees provide the largest share of revenues (98.1 percent).

The Water Utility's operating expense was expected to increase this year by "pass-through" costs resulting from the decision of the Orange County Water District to increase the replenishment assessment from \$149/acre foot to \$172/acre foot of water pumped. The cost of purchased water has also increased. The salary and benefit portion of the water utility's operating expenses increased due to an increase in the employer rate for PERS retirement costs and increased medical costs.

Statement of Activities*
(Continued)

	Primary Government			
	For the year ended		Increase/ (Decrease)	Percent Increase/ (Decrease)
	June 30, 2005	June 30, 2004		
Revenues:				
Program revenues:				
Charges for services	\$18,873,932	\$18,208,166	\$ 665,766	3.66 %
Operating grants and contributions	5,564,678	5,958,376	(393,698)	(6.61)%
Capital grants and contributions	1,845,256	216,666	1,628,590	751.66 %
General revenues:				
Taxes	55,787,375	50,509,617	5,277,758	10.45 %
Unrestricted investment earnings	2,337,958	911,414	1,426,544	156.52 %
Miscellaneous	601	746	(145)	(19.44)%
Total Revenues	84,409,800	75,804,985	8,604,815	11.35 %
Expenses:				
General government	6,015,172	6,433,847	(418,675)	(6.51)%
Public safety	30,959,971	28,682,303	2,277,668	7.94 %
Public works	7,382,183	3,600,981	3,781,202	105.00 %
Community development	8,075,648	14,275,910	(6,200,262)	(43.43)%
Community services	1,894,745	1,862,386	32,359	1.74 %
Interest on long term debt	2,498,057	2,303,688	194,369	8.44 %
Water enterprise	10,675,044	10,077,883	597,161	5.93 %
Total Expenses	67,500,820	67,236,998	263,822	0.39 %
Increase in net assets	16,908,980	8,567,987	8,340,993	97.35 %
Net assets - Beginning of Year	191,079,484	182,511,497	8,567,987	4.69 %
Net assets - End of Year	<u>\$207,988,464</u>	<u>\$191,079,484</u>	<u>\$ 16,908,980</u>	4.69 %

- A more detailed statement of activities is shown on pages 22-23 of this report.

See accompanying independent auditor's report.

FINANCIAL ANALYSIS OF CITY FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Overall, the City had an increase of \$11.0 million to fund balances.

The major factors in fund balance changes are as follows:

- The **General Fund** recognized a \$6.2 million increase due to revenues greater than expenditures of \$5.0 million. With an unsolved State budget crisis that put local government revenues at risk of “take-aways” by the Legislature and Governor to help compensate for declining State revenues and increased State spending, the City made great efforts to reduce spending by instituting hiring freezes on many vacant positions. Several reductions have also been made in the operations and maintenance areas of many departments. The increases in operating costs were offset by greater than anticipated revenues.
- The **Community Promotion Fund** recognized a \$745 thousand decrease due in part to a transfer of \$1.5 million to the Capital Projects Fund to cover current and future projects.
- The **Housing and Community Development Fund** recognized a \$432 thousand decrease due to a transfer of \$667 thousand to the Capital Projects Fund to cover current and future projects. This is a grant program which is reimbursed periodically throughout the year.
- The **Debt Service Fund** recognized an \$854 thousand increase due to revenues greater than expenditures of \$6.3 million. The IRP property taxes accounted for an increase of \$4.6 million.
- The **Capital Projects Funds** recognized a combined increase in fund balance of over \$1.4 million. This is due to the City setting aside money to fund projects throughout the City. Included in the amounts transferred to these funds is the \$3.1 million bond proceeds to help fund the Westminster Rose Cultural Center.
- **Other Governmental Funds**, which are non-major funds, recognized a combined increase of \$2.9 million due to revenues greater than expenditures of \$6.6 million. These funds are further detailed beginning on page 87 of this report.
- The **Enterprise Water Fund** remained fairly static during fiscal years 2004 and 2005. The fund recognized a \$388 thousand increase in fund balance.
- The **Internal Service Funds** recognized a \$424 thousand increase in fund balance due to revenues exceeding expenses by \$1.4 million. These funds finance and account for goods and services provided by one City department to other City departments, or to other governments, on a cost-reimbursement basis. The City has four internal service funds. These funds are further detailed beginning on page 101 of this report.

See accompanying independent auditor’s report.

GOVERNMENTAL FUND FINANCIAL AND BUDGETARY HIGHLIGHTS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Refer to pages 24 - 30 of this report for more detail on governmental funds.

As of June 30, 2005, the City's governmental funds reported combined ending fund balances of \$93.3 million, an increase of \$10.2 million in comparison with the prior year. Of the \$93.3 million, \$71.0 million, or 76.2 percent, constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to pay debt service of \$10.9 million, (2) to pay notes/loans and interfund receivables of \$8.8 million, (3) to land held for resale of \$724 thousand, or (4) for a variety of other restricted purposes of \$2.3 million.

The General Fund is the chief operating fund of the City. As of June 30, 2005, unreserved fund balance was \$20.6 million, while total fund balance reached \$22.0 million. Note that unreserved fund balance includes amounts set-aside for City designations such as City's reserve policy, post-employment retirement medical benefits and legal contingencies. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance, which includes designated funds, represents 55 percent of total General Fund expenditures, while total fund balance represents 59 percent of that same amount.

The City continues to improve its financial stability through controlled costs and an aggressive revenue recovery program. Cost increases have been controlled through aggressive cost containment practices.

Controlling employee growth has been a key to cost controls. The City continues to provide full services at ratios equal to or exceeding other "full service" cities while maintaining ratios for cost and employee per capita that are substantially below that of comparable cities.

	<u>City</u>	<u>County Average</u>
Employees per capita (1,000)	3.08	4.48
General Fund costs per capita	\$ 397	\$ 641

The City continues to dedicate itself to cost-effective service, without sacrificing the quality of service levels so important to the overall quality of life, health and safety of the community.

The 2005 fiscal year ended with the tenth consecutive increase in the City's average portfolio balance. Average total cash and investment balances for the past ten years are as noted below:

See accompanying independent auditor's report.

<u>Fiscal Year</u>	<u>Average Balance (in millions)</u>	<u>% Change</u>
1996	9.0	---
1997	15.8	75.6 %
1998	29.8	88.6 %
1999	38.7	29.9 %
2000	49.0	26.6 %
2001	57.3	16.9 %
2002	62.1	8.4 %
2003	70.3	13.2 %
2004	83.4	18.6 %
2005	92.5	10.9 %

Since the low point in 1996, the City's portfolio balance has increased by \$83.5 million, or 928%.

The following schedule presents a summary of revenue, as well as percentage changes, in relation to the prior year, for the General Governmental Funds for the fiscal year ended June 30, 2005.

Schedule of Changes in General Governmental Fund Revenue

<u>Revenue</u>	<u>Amount</u>	<u>Percent Of Total</u>	<u>Increase/ (Decrease) From 2004</u>	<u>Percent Increase/ (Decrease)</u>
Taxes	\$ 59,082,016	79.8 %	\$ 7,374,193	14.3 %
Licenses and permits	781,468	1.1 %	40,575	5.5 %
Fines	1,198,103	1.6 %	41,493	3.6 %
Investment and rentals	2,583,479	3.5 %	1,414,584	121.0 %
Intergovernmental	3,995,166	5.4 %	1,321,790	49.4 %
Charges for services	5,981,705	8.1 %	450,950	8.2 %
Other	374,248	0.5 %	(899,549)	(70.6)%
	<u>\$ 73,996,184</u>	<u>100.0 %</u>	<u>\$ 9,744,036</u>	<u>15.2 %</u>

A key factor in the City's improving financial position has been a substantial increase in property taxes provided from the Infrastructure Revitalization Project (IRP) since fiscal year 2002. This fiscal year IRP increased \$4.6 million. Another factor has been a continuing increase in sales tax revenue for ten of the last eleven years. Sales tax increased \$959 thousand during fiscal year 2005.

Investments and rentals increased due to an increased cash flow, and rising interest rates. The average cash balance increased \$9.1 million during fiscal year 2005.

See accompanying independent auditor's report.

Intergovernmental increased due to various grant funds. Many of the grant funded capital projects were completed during the year, and these funds were drawn down. While capital grants increased this year, there is a continuing decrease in the amount of funds received on community service and police grants. Costs associated with these funds (Community Services and Special Police Services) are offset by their revenues.

Other revenue will vary from year to year as it consists of donations and City reimbursements.

A schedule which presents a summary of expenditures, as well as percentage change, in relation to the prior year, for the General Governmental Funds for the fiscal year ended June 30, 2005 is summarized below:

Schedule of Changes in General Governmental Fund Expenditures

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2003/04</u>	<u>Percent Increase/ (Decrease)</u>
General government	\$ 6,143,610	9.1 %	\$ 1,273,711	26.2 %
Public safety	30,295,390	45.0 %	2,188,042	7.8 %
Community development	9,990,247	14.9 %	(325,101)	(3.2)%
Community services	1,823,334	2.7 %	33,938	1.9 %
Capital outlay	12,022,185	17.9 %	1,895,511	18.7 %
Debt service	6,994,777	10.4 %	3,141,140	81.5 %
	<u>\$ 67,269,543</u>	<u>100.0 %</u>	<u>\$ 8,207,241</u>	13.9 %

General government has increased due to increases in Redevelopment tax increment pass through costs. As in the prior year, these costs will continue to increase in the near future due to escalating factors included in the agreements.

Public safety costs increased slightly due to an increase in salary, retirement and medical costs. In addition many vacant positions were filled during the year.

Capital outlay increased as the City has been using money funded through IRP to complete many City projects.

Debt service increased, and is expected to continue increasing over the next several years due to new bond issues.

The General Fund budget to actual report can be found on page 83 of this report. Increases between the original budget and the final amended budget were \$196 thousand. This was due in part to budget increases for salaries, small grants and legal fees.

See accompanying independent auditor's report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets:

Capital investment in capital assets for its governmental and business-type activities as of June 30, 2005 amounted to \$157 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, infrastructure, and construction in progress. The total increase in capital assets for fiscal year 2004-05 was \$4.2 million or 2.8 percent, which represents a 3.9 percent increase for governmental activities and a .5 percent decrease for business-type activity.

Additional information on the City's capital assets can be found in Note 6 in the notes to the basic financial statements. Capital assets (net of accumulated depreciation) at June 30, 2005 and June 30, 2004 are summarized on the following pages:

City of Westminster
Capital Assets (net of accumulated depreciation)

	June 30, 2005		
	Governmental	Business-type	
	Activities	Activity	Total
Land	\$ 4,151,928	\$ 2,015,496	\$ 6,167,424
Construction in progress	11,052,156	12,626,338	23,678,494
Buildings	7,009,894	-	7,009,894
Improvements other than buildings	2,292,971	25,637	2,318,608
Water distribution lines	-	19,511,641	19,511,641
Vehicles, machinery and equipment	2,342,500	5,673,952	8,016,452
Office furniture and equipment	1,814,672	57,820	1,872,492
Leased property	200,450	-	200,450
Infrastructure	88,115,817	-	88,115,817
Total capital assets, net	<u>\$ 116,980,388</u>	<u>\$ 39,910,884</u>	<u>\$ 156,891,272</u>

See accompanying independent auditor's report.

	June 30, 2004		
	Governmental Activities	Business-type Activity	Total
Land	\$ 4,151,928	\$ 2,015,496	\$ 6,167,424
Construction in progress	4,444,291	12,536,899	16,981,190
Buildings	7,216,286	-	7,216,286
Improvements other than buildings	2,424,250	28,512	2,452,762
Water distribution lines	-	20,143,935	20,143,935
Vehicles, machinery and equipment	2,145,353	5,306,802	7,452,155
Office furniture and equipment	2,248,413	66,897	2,315,310
Leased property	351,517	-	351,517
Infrastructure	<u>89,590,395</u>	<u>-</u>	<u>89,590,395</u>
Total capital assets, net	<u>\$ 112,572,433</u>	<u>\$ 40,098,541</u>	<u>\$ 152,670,974</u>

Major capital asset events during fiscal year 2005 included the following:

- The City added \$2.7 million in infrastructure assets consisting mainly of street repairs.
- The City began construction on the Westminster Rose Cultural Center and added \$5.4 million to construction in progress.

Major capital asset events during fiscal year 2004 included the following:

- The City added \$3.8 million in infrastructure assets consisting mainly of street repairs.
- The City's Redevelopment Agency sold land valued at \$2.1 million, resulting in a corresponding loss of \$1.5 million.

See accompanying independent auditor's report.

Long-term debt:

At the end of fiscal year 2005, the City had total debt (excluding compensated absences and claims liabilities) outstanding of \$60.4 million. Outstanding debt is summarized below, and additional information can be found on Note 7 in the notes to the basic financial statements. Long-term debt for June 30, 2005 and June 30, 2004 is summarized below:

City of Westminster Outstanding Debt			
June 30, 2005			
	Governmental Activities	Business-type Activity	Total
Tax allocation bonds payable	\$40,805,000	\$ -	\$40,805,000
Certificates of participation	9,133,691	3,936,086	13,069,777
Loans payable	300,000	4,157,757	4,457,757
Total outstanding debt	<u>\$50,238,691</u>	<u>\$ 8,093,843</u>	<u>\$58,332,534</u>
June 30, 2004			
	Governmental Activities	Business-type Activity	Total
Tax allocation bonds payable	\$41,480,000	\$ -	\$41,480,000
Certificates of participation	9,744,163	4,065,018	13,809,181
Loans payable	695,000	4,417,041	5,112,041
Total outstanding debt	<u>\$51,919,163</u>	<u>\$ 8,482,059</u>	<u>\$60,401,222</u>

The City's total debt decreased by \$2.1 million or 3.4 percent, during fiscal year 2005. The change in debt consisted the following:

- Issuance of \$3.1 million tax allocation bonds payable to provide financing for the Westminster Rose Cultural Center.
- Ongoing debt service payments reduced total debt by \$5.2 million.

See accompanying independent auditor's report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City budget for 2006 is balanced as to revenue and expenditures. Modest service level increases as well as capital spending maintain balance in meeting community needs. The City made great strides in balancing current expenditures with prudent reserves to meet future needs by authorizing "contingency", "emergency", and "designated" reserves for all operating funds.

The City will also maintain its "reestablished" equipment and repair programs. Lost to the budget cuts of the early and middle 1990's, the City has restored and refunded the vehicle replacement programs, as well as created modest maintenance and replacement programs in building maintenance and information systems. These programs will help protect the City's operating efficiency.

Future Issues

There are a number of future issues that are cause for serious concern. These concerns include:

- **Revenue Stability**

Sales taxes are at record high levels and three major revenue sources are prone to Proposition 218 initiatives. As such, the City needs a strong economy and voter cooperation to maintain existing revenue levels. The uncertainty of the economy and the drop in interest rates continues to impact the revenue the City receives from its investments.

- **State Actions**

The proposals in the governor's 2005-06 proposed budget honored the will of the voters who passed Proposition 1A with an overwhelming 84% vote, and largely honored the spirit of the agreement he struck with local government last summer. Local officials appreciate that commitment.

Even so, some funding to cities for specific programs outside Proposition 1A was cut, deferred or suspended. In evaluating the impact of these cuts, we need to remember that California's local governments are already a significant partner in helping to close the state's budget gap.

Consistent with the Prop 1A agreement, local governments will once again contribute \$1.3 billion in property tax shifts to help solve the state budget. Cities, counties and special districts will contribute \$350 million each and redevelopment agencies will contribute \$250 million. The individual city contributions will remain the same as 2004-05 and for the City of Westminster, this amounts to just under \$900,000. It is also helpful to note that with the passing of Proposition 1A the State may *borrow*, but not permanently take local government revenues in the event of a fiscal emergency. This will help to restore predictability and certainty to the funding needed for police, fire and other essential local services. Additionally, local governments will continue to contribute the ongoing shift of approximately \$5 billion in ongoing ERAF property tax shifts to help the state meet its constitutional requirement to fund schools.

- **Infrastructure Maintenance**

The City continues to work on improving the maintenance levels and potential costs in both streets and the water system. Even with increased spending toward street maintenance within the last year, the need will continue to exist for the near future. Maintaining City streets and keeping the water systems functional will continue to require resources.

See accompanying independent auditor's report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of City finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Director, City of Westminster, 8200 Westminster Boulevard, City of Westminster, California 92683, or call (714) 898-3311.

See accompanying independent auditor's report.

CITY OF WESTMINSTER
STATEMENT OF NET ASSETS

June 30, 2005

	Primary Government		
	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments (Note 2)	\$ 74,328,622	\$ 3,695,767	\$ 78,024,389
Receivables, net of allowances (Note 4)	12,920,697	1,685,052	14,605,749
Deposits	45,300	-	45,300
Prepaid items	17,225	-	17,225
Internal balances	1,484,576	(1,484,576)	-
Inventory	35,561	75,569	111,130
Deferred charges	223,893	212,508	436,401
Land held for resale (Note 5)	723,950	-	723,950
Restricted assets:			
Cash and investments (Note 2)	20,087,008	-	20,087,008
Cash and investments with fiscal agents (Note 2)	14,919,541	361,722	15,281,263
Capital assets (net of accumulated depreciation) (Note 6):			
Land	4,151,928	2,015,496	6,167,424
Construction in progress	11,052,156	12,626,338	23,678,494
Buildings	7,009,894	-	7,009,894
Improvements other than buildings	2,292,971	25,637	2,318,608
Water distribution lines	-	19,511,641	19,511,641
Vehicles, machinery and equipment	2,342,500	5,673,952	8,016,452
Office furniture and equipment	1,814,672	57,820	1,872,492
Leased property	200,450	-	200,450
Infrastructure	88,115,817	-	88,115,817
TOTAL ASSETS	241,766,761	44,456,926	286,223,687
LIABILITIES:			
Accounts payable and other liabilities	6,124,315	1,152,071	7,276,386
Due to other governments	5,560,049	-	5,560,049
Unearned revenue	2,236,351	-	2,236,351
Deposits	526,633	28,000	554,633
Long-term liabilities:			
Due within one year (Note 7)	6,716,853	531,305	7,248,158
Due in more than one year (Note 7)	47,686,836	7,672,810	55,359,646
TOTAL LIABILITIES	68,851,037	9,384,186	78,235,223
NET ASSETS:			
Invested in capital assets, net of related debt	69,841,696	31,817,042	101,658,738
Restricted for:			
Community development	27,909,437	-	27,909,437
Public safety	612,085	-	612,085
Public works	2,264,865	-	2,264,865
Debt service	9,791,901	361,722	10,153,623
Unrestricted	62,495,740	2,893,976	65,389,716
TOTAL NET ASSETS	\$ 172,915,724	\$ 35,072,740	\$ 207,988,464

See accompanying independent auditors' report and notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF ACTIVITIES

For the year ended June 30, 2005

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 6,015,172	\$ 1,449,420	\$ 129,348	\$ -
Public safety	30,959,971	3,931,255	403,002	-
Public works	7,382,183	871,794	-	180,596
Community development	8,075,648	2,020,380	4,755,752	1,664,660
Community services	1,894,745	271,867	276,576	-
Interest on long term debt	2,498,057	-	-	-
Total governmental activities	56,825,776	8,544,716	5,564,678	1,845,256
Business-type activity:				
Water enterprise	10,675,044	10,329,216	-	-
Total	\$ 67,500,820	\$ 18,873,932	\$ 5,564,678	\$ 1,845,256

General revenues:

Unrestricted taxes:

Sales taxes

Property taxes, levied for general purposes

Utility users taxes

Business operation taxes

Franchise taxes

Transient occupancy taxes

Motor vehicle taxes

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - Beginning of Year

Net assets - End of Year

See accompanying independent auditors' report and notes to basic financial statements.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activity	Total
\$ (4,436,404)	\$ -	\$ (4,436,404)
(26,625,714)	-	(26,625,714)
(6,329,793)	-	(6,329,793)
365,144	-	365,144
(1,346,302)	-	(1,346,302)
(2,498,057)	-	(2,498,057)
<u>(40,871,126)</u>	<u>-</u>	<u>(40,871,126)</u>
<u>-</u>	<u>(345,828)</u>	<u>(345,828)</u>
<u>(40,871,126)</u>	<u>(345,828)</u>	<u>(41,216,954)</u>
16,845,993	-	16,845,993
25,799,308	-	25,799,308
5,013,869	-	5,013,869
1,153,816	-	1,153,816
1,119,263	-	1,119,263
483,807	-	483,807
5,371,319	-	5,371,319
2,142,307	195,651	2,337,958
-	601	601
<u>(669,004)</u>	<u>669,004</u>	<u>-</u>
<u>57,260,678</u>	<u>865,256</u>	<u>58,125,934</u>
16,389,552	519,428	16,908,980
<u>156,526,172</u>	<u>34,553,312</u>	<u>191,079,484</u>
<u>\$ 172,915,724</u>	<u>\$ 35,072,740</u>	<u>\$ 207,988,464</u>

CITY OF WESTMINSTER

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2005

		Special Revenue Funds	
	General	Community Promotion	Housing and Community Development
ASSETS			
Cash and investments (Note 2)	\$ 19,476,380	\$ 64,871	\$ 14,507
Receivables, net of allowances (Note 4)	5,692,316	92,957	2,506,254
Deposits	-	-	45,300
Prepaid items	4,658	12,150	-
Due from other funds (Note 3)	981,559	-	-
Restricted assets:			
Cash and investments (Note 2)	-	-	-
Cash and investments with fiscal agents (Note 2)	-	2,677,518	-
Advances to other funds (Note 3)	1,448,984	-	-
Land held for resale (Note 5)	-	-	-
TOTAL ASSETS	\$ 27,603,897	\$ 2,847,496	\$ 2,566,061
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 1,868,354	\$ 37,603	\$ 91,101
Deposits	424,697	3,000	-
Deferred revenue	3,240,108	-	45,300
Due to other funds (Note 3)	55,765	3,000,000	1,220,000
Due to other governments	1,503	-	1,238,852
Advances from other funds (Note 3)	-	-	-
TOTAL LIABILITIES	5,590,427	3,040,603	2,595,253
FUND BALANCES (DEFICITS):			
Reserved (Note 15)	1,453,642	255,953	850,000
Unreserved, reported in:			
General Fund	20,559,828	-	-
Special Revenue Funds	-	(449,060)	(879,192)
Capital Projects Funds	-	-	-
TOTAL FUND BALANCES (DEFICITS)	22,013,470	(193,107)	(29,192)
TOTAL LIABILITIES AND FUND BALANCES	\$ 27,603,897	\$ 2,847,496	\$ 2,566,061

See accompanying independent auditors' report and notes to basic financial statements.

Debt Service	Capital Projects Funds		Other Governmental Funds	Total Governmental Funds
	Capital Improvements	Redevelopment Projects		
\$ 557,007	\$ 15,175,046	\$ 20,403,821	\$ 3,257,495	\$ 58,949,127
1,055,163	-	256,196	3,269,392	12,872,278
-	-	-	-	45,300
-	-	175	-	16,983
-	5,784,000	55,765	-	6,821,324
500,000	10,441,432	2,477,694	3,616,884	17,036,010
12,242,023	-	-	-	14,919,541
1,845,433	1,288,550	-	850,000	5,432,967
-	-	723,950	-	723,950
<u>\$ 16,199,626</u>	<u>\$ 32,689,028</u>	<u>\$ 23,917,601</u>	<u>\$ 10,993,771</u>	<u>\$ 116,817,480</u>
\$ 2,807	\$ 2,336,734	\$ 626,684	\$ 105,727	\$ 5,069,010
-	-	4,598	94,338	526,633
260,348	-	73,770	10,153	3,629,679
-	-	841,559	1,704,000	6,821,324
4,319,694	-	-	-	5,560,049
1,088,984	-	850,000	-	1,938,984
<u>5,671,833</u>	<u>2,336,734</u>	<u>2,396,611</u>	<u>1,914,218</u>	<u>23,545,679</u>
10,527,793	1,288,550	724,125	7,587,728	22,687,791
-	-	-	-	20,559,828
-	-	-	1,491,825	163,573
-	29,063,744	20,796,865	-	49,860,609
<u>10,527,793</u>	<u>30,352,294</u>	<u>21,520,990</u>	<u>9,079,553</u>	<u>93,271,801</u>
<u>\$ 16,199,626</u>	<u>\$ 32,689,028</u>	<u>\$ 23,917,601</u>	<u>\$ 10,993,771</u>	<u>\$ 116,817,480</u>

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CITY OF WESTMINSTER

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

June 30, 2005

Amounts reported for governmental activities in the statement of net assets
are different because:

Fund balances - total governmental funds	\$ 93,271,801
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. Capital assets net of \$118,247,309 accumulated depreciation are	110,845,444
Internal Service funds are used by management to charge the costs of various city activities to individual governmental and business-like funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net activities. Internal Service funds net assets are	15,799,543
Long-term liabilities applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditures when due. All liabilities, both current and long-term, are reported in the statement of net assets. Balances as of June 30, 2005 are:	
Long-term debt	(47,784,431)
Note issuance costs	53,335
Deferred costs	72,595
Accrued interest	(735,891)
Long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the fund financial statements	<u>1,393,328</u>
Net assets of governmental activities	<u><u>\$ 172,915,724</u></u>

See accompanying independent auditors' report and notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended June 30, 2005

		Special Revenue Funds	
	General	Community Promotion	Housing and Community Development
REVENUES:			
Taxes	\$ 33,193,399	\$ 454,008	\$ -
Licenses and permits	781,468	-	-
Fines	1,193,903	-	-
Investment and rental	1,127,945	258,402	1,163
Intergovernmental	381,213	402,368	1,171,786
Charges for services	5,728,542	962	-
Other	134,441	24,238	111,767
TOTAL REVENUES	42,540,911	1,139,978	1,284,716
EXPENDITURES:			
Current:			
General government	1,128,888	-	-
Public safety	29,741,625	-	-
Public works	2,934,063	-	-
Community development	2,189,865	171,759	638,231
Community services	1,507,349	23,722	-
Capital outlay	47,129	2,478	-
Debt service:			
Principal retirement	-	145,716	395,000
Interest and fiscal charges	-	98,087	16,274
Note issuance cost	-	-	-
TOTAL EXPENDITURES	37,548,919	441,762	1,049,505
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,991,992	698,216	235,211
OTHER FINANCING SOURCES (USES):			
Sale of equipment and property	3,295	-	-
Issuance of notes	-	-	-
Transfers in	1,725,708	32,000	-
Transfers out	(509,522)	(1,475,000)	(667,193)
TOTAL OTHER FINANCING SOURCES (USES)	1,219,481	(1,443,000)	(667,193)
NET CHANGE IN FUND BALANCES	6,211,473	(744,784)	(431,982)
FUND BALANCES - BEGINNING OF YEAR	15,801,997	551,677	402,790
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 22,013,470	\$ (193,107)	\$ (29,192)

See accompanying independent auditors' report and notes to basic financial statements.

Debt Service	Capital Projects Funds		Other Governmental Funds	Total Governmental Funds
	Capital Improvements	Redevelopment Projects		
\$ 16,923,012	\$ -	\$ -	\$ 8,511,597	\$ 59,082,016
-	-	-	-	781,468
-	-	-	4,200	1,198,103
190,369	111,593	517,796	376,214	2,583,482
-	-	663,930	1,375,869	3,995,166
-	-	-	252,201	5,981,705
-	-	545	103,257	374,248
17,113,381	111,593	1,182,271	10,623,338	73,996,188
4,964,846	-	-	49,876	6,143,610
-	-	-	553,765	30,295,390
-	-	-	-	2,934,063
-	-	1,554,587	2,501,745	7,056,187
-	-	-	292,262	1,823,333
-	7,273,915	4,602,376	96,287	12,022,185
3,775,000	-	-	301,930	4,617,646
1,985,438	-	-	203,484	2,303,283
73,849	-	-	-	73,849
10,799,133	7,273,915	6,156,963	3,999,349	67,269,546
6,314,248	(7,162,322)	(4,974,692)	6,623,989	6,726,642
-	-	-	-	3,295
3,100,000	-	-	-	3,100,000
486,621	7,592,625	8,989,714	1,479,097	20,305,765
(9,047,000)	(1,990,584)	(1,028,977)	(5,231,499)	(19,949,775)
(5,460,379)	5,602,041	7,960,737	(3,752,402)	3,459,285
853,869	(1,560,281)	2,986,045	2,871,587	10,185,927
9,673,924	31,912,575	18,534,945	6,207,966	83,085,874
\$ 10,527,793	\$ 30,352,294	\$ 21,520,990	\$ 9,079,553	\$ 93,271,801

CITY OF WESTMINSTER

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2005

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balances - total governmental funds	\$ 10,185,927
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital expense in the current period.	4,505,638
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The issuance of long term debt provides current financial resources to governmental
funds, while the repayment of the principal of long term-debt consumes the current
financial resources of governmental funds. Neither transaction, however, has any
effect on net assets. Also, governmental funds report the effect of issuance costs,
and similar items when debt is first issued, whereas these amounts are deferred and
amortized in the statement of activities. These amounts are the net effect of these
differences in the treatment of long-term debt.

Debt issued or incurred:

Issuance of notes	(3,100,000)
Issuance costs	73,849
Principal payments	4,617,645

Some expenses reported in the statement of activities do not require the use of
current financial resources and therefore are not reported as expenditures in
the governmental funds:

Net change in accrued interest	18,023
Amortization of issuance costs	(60,111)

Internal service funds are used by management to charge the costs of certain
activities, such as fleet management, telephones, and warehouse operations
to individual funds. The net revenue (expense) of these internal service funds
are reported as governmental activities.

292,313

Some revenues reported previously in the statement of activities were reported as revenues
in the governmental funds as they were received in the current fiscal year.

(1,537,060)

Some revenues reported in the statement of activities are not considered to be
available to finance current expenditures and therefore are not reported as
revenues in governmental funds:

Sales tax	1,035,257
Motor vehicle-in-lieu taxes	358,071

Change in net assets of governmental activities	<u>\$ 16,389,552</u>
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See accompanying independent auditors' report and notes to basic financial statements.

CITY OF WESTMINSTER
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2005

	Business-type Activity Enterprise Fund	Governmental Activities Internal Service Funds
ASSETS		
CURRENT ASSETS:		
Cash and investments	\$ 3,695,767	\$ 15,379,495
Receivables, net of allowances (Note 4)	1,685,052	48,419
Prepaid items	-	242
Inventories	75,569	35,561
Restricted assets:		
Cash and investments	-	3,050,998
Cash and investments with fiscal / other agents	361,722	-
TOTAL CURRENT ASSETS	5,818,110	18,514,715
NONCURRENT ASSETS:		
Deferred bond charges	212,508	97,963
CAPITAL ASSETS (NOTE 6):		
Land	2,015,496	-
Buildings	85,449	3,717,897
Water distribution lines	41,099,102	-
Improvements other than buildings	57,024	-
Vehicles	-	2,249,784
Machinery and equipment	10,770,609	214,070
Office furniture, computers and equipment	118,459	1,154,963
Leased property	-	718,694
Construction in progress	12,626,338	748,381
TOTAL CAPITAL ASSETS	66,772,477	8,803,789
Less accumulated depreciation	(26,861,593)	(2,668,845)
NET CAPITAL ASSETS	39,910,884	6,134,944
TOTAL NONCURRENT ASSETS	40,123,392	6,232,907
TOTAL ASSETS	45,941,502	24,747,622

(Continued)

See accompanying independent auditors' report and notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
(CONTINUED)

June 30, 2005

	Business-type Activity Enterprise Fund	Governmental Activities Internal Service Funds
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 1,152,071	\$ 319,414
Deposits	28,000	-
Advances from other funds	3,133,983	360,000
Claims payable	-	604,479
Compensated absences	110,272	1,572,374
Certificates of participation	150,000	194,731
Loans payable	271,033	-
TOTAL CURRENT LIABILITIES	4,845,359	3,050,998
LONG-TERM LIABILITIES:		
Claims payable	-	1,813,437
Compensated absences	-	174,709
Certificates of participation	3,786,086	2,259,528
Loans payable	3,886,724	-
TOTAL LONG-TERM LIABILITIES	7,672,810	4,247,674
TOTAL LIABILITIES	12,518,169	7,298,672
NET ASSETS:		
Invested in capital assets, net of related debt	31,817,042	3,680,684
Restricted	361,722	-
Unrestricted	1,244,569	13,768,266
TOTAL NET ASSETS	33,423,333	\$ 17,448,950
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		
Beginning adjustment	1,517,874	
Current year adjustment	131,533	
Net assets of business-type activity	\$ 35,072,740	

See accompanying independent auditors' report and notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the year ended June 30, 2005

	Business-type Activity Enterprise Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES:		
Rentals	\$ 816	\$ -
Charges for services	10,323,213	16,102,323
Other	5,187	1,335,035
TOTAL OPERATING REVENUES	10,329,216	17,437,358
OPERATING EXPENSES:		
Salaries	2,060,535	4,154,378
Maintenance and operations	2,910,156	3,532,990
Purchased water	2,292,891	-
Equity taxes	1,891,435	-
Insurance premiums and legal fees	4,914	2,834,042
Claims and benefits	-	4,882,883
Depreciation and amortization	1,155,343	629,302
TOTAL OPERATING EXPENSES	10,315,274	16,033,595
OPERATING INCOME	13,942	1,403,763
NONOPERATING REVENUES (EXPENSES):		
Investment income	195,651	177,519
Interest and fiscal charges	(491,303)	(152,686)
Gain (loss) on sale of equipment	601	20,248
TOTAL NONOPERATING REVENUES (EXPENSES)	(295,051)	45,081
INCOME BEFORE TRANSFERS	(281,109)	1,448,844
TRANSFERS:		
Transfers in	1,115,004	491,945
Transfers out	(446,000)	(1,516,940)
TOTAL TRANSFERS	669,004	(1,024,995)
CHANGE IN NET ASSETS	387,895	423,849
TOTAL NET ASSETS - BEGINNING OF YEAR	33,035,438	17,025,101
TOTAL NET ASSETS - END OF YEAR	\$ 33,423,333	\$ 17,448,950
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	\$ 131,533	
Change in net assets - Enterprise Funds	387,895	
Change in net assets of business-type activity	\$ 519,428	

See accompanying independent auditors' report and notes to basic financial statements.

CITY OF WESTMINSTER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2005

	Business-type Activity Enterprise Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 10,316,767	\$ 17,473,372
Payment to suppliers	(6,957,669)	(11,120,249)
Payment to employees	(2,046,656)	(4,216,399)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,312,442</u>	<u>2,136,724</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	1,115,004	491,945
Cash paid to other funds	(740,093)	(1,516,940)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>374,911</u>	<u>(1,024,995)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(960,710)	(527,223)
Proceeds from sale of property	601	20,248
Principal payments on long-term debt	(404,284)	-
Principal payments on capital lease obligation	-	(187,355)
Interest expense	(464,775)	(125,514)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,829,168)</u>	<u>(819,844)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	<u>195,011</u>	<u>177,519</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	53,196	469,404
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,004,293</u>	<u>17,961,089</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,057,489</u>	<u>\$ 18,430,493</u>
CASH AND CASH EQUIVALENTS:		
Cash and investments - current assets	\$ 3,695,767	\$ 15,379,495
Cash and investments - restricted assets	<u>361,722</u>	<u>3,050,998</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 4,057,489</u>	<u>\$ 18,430,493</u>

(Continued)

See accompanying independent auditors' report and notes to basic financial statements.

CITY OF WESTMINSTER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(CONTINUED)

For the year ended June 30, 2005

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 13,942	\$ 1,403,763
Depreciation and amortization	1,155,343	629,302
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(9,741)	30,079
(Increase) decrease in other receivables	(2,708)	-
(Increase) decrease in prepaid charges	99	(242)
(Increase) decrease in inventories	7,254	4,056
(Increase) decrease in due from other governments	-	5,935
Increase (decrease) in accounts payable and accrued liabilities	134,374	131,645
Increase (decrease) in claims payable	-	(5,793)
Increase (decrease) in compensated absences payable	13,879	(62,021)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,312,442</u>	<u>\$ 2,136,724</u>

See accompanying independent auditors' report and notes to basic financial statements.

CITY OF WESTMINSTER
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS

June 30, 2005

RESTRICTED ASSETS:	
Cash and investments	<u>\$ 82,052</u>
LIABILITIES:	
Accounts payable	1,500
Due to bondholders	<u>80,552</u>
TOTAL LIABILITIES	<u>82,052</u>
	<u><u>\$ -</u></u>

See accompanying independent auditors' report and notes to basic financial statements..

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of the Reporting Entity:

The basic financial statements of the City of Westminster include the activities of the City, the Westminster Redevelopment Agency and the Westminster Public Financing Authority.

The City of Westminster was incorporated in 1957 under the General Laws of the State of California. The City operates under a Council-Manager form of government governed by a five-member council and provides the following services: public safety (police, fire, paramedic and ambulance), highways and streets, parks and recreation, public improvements, planning and zoning, and general administrative services.

The criteria used in determining the scope of the reporting entity are based on the provisions of Governmental Accounting Standards Board Statement 14. The City of Westminster is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The City has accounted for the Agency and Authority as "blended" component units. Despite being legally separate, these entities are so intertwined with the City that they are, in substance, part of the City's operations. Accordingly, these basic financial statements present the City and its component units, the Westminster Redevelopment Agency and the Westminster Public Financing Authority. Each blended component unit has a June 30 year end.

The Westminster Redevelopment Agency (the Agency) was established in September 1982 pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Redevelopment Law." Its purpose is to eliminate blighted areas, enhance job creation and retention, improve the tax base for the City, promote quality new development and improve the image of the City. City Council members, in separate session, serve as the governing board of the Agency. The activity of the Agency is reported in the Special Revenue, Debt Service and Capital Project Funds. The Agency prepares separate Basic Financial Statements and a copy can be obtained from the City's Finance Department.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Description of the Reporting Entity (Continued):

The Westminster Public Financing Authority (the Authority) was established on March 23, 1993 pursuant to California Government Code, Section 6500. The Authority was established to provide a financing mechanism for the City's and Agency's various public projects. A separate fund is not maintained for the Authority as principal and interest payments on debt issued by the Authority is paid directly by the City and Agency. The payments are reported in the Special Revenue, Debt Service, Enterprise and Internal Service Funds. There are no separate Basic Financial Statements prepared for the Public Financing Authority.

The accounting policies of the City of Westminster, the Westminster Redevelopment Agency and the Westminster Public Financing Authority conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information about the reporting government as a whole, except for its fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no discretely presented component units. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Government-Wide and Fund Financial Statements (Continued):

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements for the government's governmental, proprietary, and fiduciary funds are presented after the Government-wide Financial Statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements, even though excluded from the government-wide financial statements includes financial information that primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Operating statements present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued):**

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund type revenue represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts.

Under the modified accrual basis of accounting, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on general long-term liabilities, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued):**

All governmental and business-type activities and enterprise funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Fund Classifications:

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34. The City reports the following major governmental funds:

The General Fund is the primary operating fund of the City. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

The Community Promotion Special Revenue Fund is used to account for the assets generated by the sale of the City's cable franchise. Interest earnings on the proceeds of the sale are used to fund various cable television broadcasts and community promotion activities.

The Housing and Community Development Special Revenue Fund is used to account for Federal grants received from the Department of Housing and Urban Development (HUD). The grants are to be used for the development of a viable community by providing decent housing, suitable living environment, and expanding economic opportunities, principally for persons with low and moderate income.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs other than those being financed by proprietary funds.

The Capital Improvement Capital Projects Fund is used to account for City projects funded by various sources.

The Redevelopment Projects Capital Projects Fund is used to account for the proceeds of notes and advances, and the expenditure of such funds for improvement, reconstruction and redevelopment projects within the specified boundaries of the Westminster Redevelopment Agency.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Fund Classifications (Continued):

The City reports the following major enterprise fund:

The Water Enterprise Fund is used to account for the provision of water services to residential, commercial and industrial customers.

The City's fund structure also includes the following fund types:

The Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.

The Internal Service Funds are used to account for the financing of special activities that provide services within the City. These activities include risk management, compensation and benefits, motor pool and equipment maintenance, and facilities maintenance.

The Agency Funds are used to account for money and property held by the City as trustee or custodian. They are also used to account for the 1915 Act Bonds (Limited Obligation Improvement Bonds) for which the City acts as an agent for debt service activity.

Capital Assets:

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of contribution. Generally, capital asset purchases in excess of \$500 are capitalized if they have an expected useful life of 1 year or more.

Capital assets include additions to public domain (infrastructure), certain improvements including pavement, curb and gutter, sidewalks, traffic control devices, streetlights, sewers, bridges and right-of-way corridors within the City. The City has valued and recorded all infrastructure asset data except for storm drains as of June 30, 2005.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Capital Assets (Continued):

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the Government-wide Financial Statements and in the Fund Financial Statements of the Enterprise Fund. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The lives used for depreciation purposes of each capital asset class are:

Buildings	30 to 50 years
Improvements other than buildings	20 years
Water distribution lines	65 years
Vehicles	4 to 15 years
Machinery and equipment	5 to 30 years
Office furniture, computers and equipment	5 to 20 years
Leased property	5 to 10 years
Infrastructure	20 to 50 years

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects Funds. Unexpended and unencumbered appropriations of the governmental funds automatically lapse at the end of the fiscal year. As of June 30, 2005 all encumbrances at year-end were closed. Unexpended appropriations are reencumbered in the following year after reconsideration, without additional budget appropriation.

Statement of Cash Flows:

For purposes of the statement of cash flows, City's Enterprise and Internal Service Funds participate in the pooling of City-wide cash and investments. As amounts are available to these Funds on demand, all cash and investments are considered to be cash and cash equivalents for statement of cash flow purposes.

Investments:

Investments are stated at fair value (quoted market price or best available estimate thereof).

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Inventories:

Inventories are valued at cost, which approximates market, on a first-in, first-out basis. Inventory in the Enterprise Fund consists mostly of water meters and spare parts. Inventory in the Internal Service Funds consists of expendable supplies held for consumption.

Land Held for Resale:

Land held for resale is carried in the Redevelopment Projects Capital Projects Fund at the lower of acquisition cost or estimated net realizable value. The land values are reappraised on a periodic basis and any adjustments on the properties are shown in the Redevelopment Projects Capital Projects Fund statement of revenues, expenditures, and changes in fund balance.

Property Taxes:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on November 1 and February 1 and become delinquent December 11 and April 11. The County bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied to the extent that they result in current receivables.

The County is permitted by State law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the assessed values no more than 2% per year. The City receives a share of this basic levy proportionate to what was received in the 1976 to 1978 period.

Compensated Absences:

Costs associated with compensated absences, along with any related accruals, are accounted for in the Compensation/Benefits Internal Service Fund. The costs for this program will be recovered from those governmental units through inter-departmental charges for services. Other proprietary funds with payroll costs account for their own respective compensated absences.

Retirement Benefits:

The City accounts for CalPERS credits and retirement benefit expenditures in the Compensation/Benefits Internal Service Fund.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Interest Rate Swaps:

The City has entered into interest rate swap agreements to fix the interest rates on outstanding variable rate debt. Other than the fixed interest expenditure resulting from these agreements, no amounts are recorded in the basic financial statements.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Specifically, the City has made certain estimates and assumptions relating to the collectibility of its receivables (including accounts receivable, notes receivable, amounts due from other funds and amounts advanced to other funds), the valuation of property held for resale, and the ultimate outcome of claims and judgments. Actual results could differ from those estimates and assumptions.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

2. CASH AND INVESTMENTS:

Cash and investments at June 30, 2005 consisted of the following:

	Government Wide Statement of Net Assets	Fiduciary Fund Statement of Assets and Liabilities	Total
Unrestricted assets:			
Cash and investments	\$ 78,024,389	\$ -	\$ 78,024,389
Total unrestricted assets	<u>78,024,389</u>	<u>-</u>	<u>78,024,389</u>
Restricted assets:			
Cash and investments	20,087,008	82,052	20,169,060
Investments with fiscal agents	<u>15,281,263</u>	<u>-</u>	<u>15,281,263</u>
Total restricted assets	<u>35,368,271</u>	<u>82,052</u>	<u>35,450,323</u>
TOTAL CASH AND INVESTMENTS	<u>\$ 113,392,660</u>	<u>\$ 82,052</u>	<u>\$ 113,474,712</u>

Cash and investments consist of deposits and investments, as noted below:

Deposits	\$ 2,094,619
Investments	<u>111,380,093</u>
	<u>\$ 113,474,712</u>

The City follows the practice of pooling cash and investments of all funds except for amounts with fiscal agents, and legally restricted funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Unrestricted assets - cash and investments" or "Restricted assets - cash and investments."

Investment income earned on pooled cash and investments is allocated to the various funds based on ending cash and investment balances. Interest from cash and investments of funds excluded from pooled amounts is credited directly to the related fund.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

2. CASH AND INVESTMENTS (CONTINUED):

Investment Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
United States (U.S.) Treasury Obligations	5 years	No Limit	No Limit
U.S. Government Sponsored Enterprise Securities	5 years	No Limit	No Limit
Banker's Acceptances	180 days	15%	\$ 2,000,000
Time Certificate of Deposits	5 years	No Limit	5%
Negotiable Certificates of Deposit	5 years	15%	15%
Repurchase Agreements	1 year	Unlimited	Unlimited
Local Agency Investment Fund (LAIF)	N/A	No Limit	\$ 40,000,000

N/A - Not Applicable

* - Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

2. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	No Limit	No Limit	No Limit
U.S. Government Sponsored Enterprise Securities	No Limit	No Limit	No Limit
Banker's Acceptances	360 days	No Limit	No Limit
Time Certificate of Deposits	360 days	No Limit	No Limit
Commercial Paper	270 days	No Limit	No Limit
Money Market Mutual Funds	N/A	No Limit	No Limit

N/A - Not Applicable

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 - 36 Months	37 - 60 Months	
Local Agency Investment Fund	\$ 57,465,090	\$ -	\$ -	\$ 57,465,090
U.S. Treasury Obligations	-	3,171,095	2,080,469	5,251,564
Federal Home Loan Mortgage Corporation	949,620	5,015,627	4,884,658	10,849,905
Federal Home Loan Bank	2,001,250	8,120,331	1,975,938	12,097,519
Federal National Mortgage Association	1,013,750	6,001,157	3,355,001	10,369,908
Money Market Mutual Funds	<u>15,346,107</u>	<u>-</u>	<u>-</u>	<u>15,346,107</u>
	<u>\$ 76,775,817</u>	<u>\$ 22,308,210</u>	<u>\$ 12,296,066</u>	<u>\$111,380,093</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type:

<u>Investment Type</u>	<u>Total as of June 30, 2005</u>	<u>AAA</u>	<u>Not Required to be Rated</u>
Local Agency Investment Fund	\$ 57,465,090	\$ -	\$ 57,465,090
U.S. Treasury Obligations	5,251,564	-	5,251,564
Federal Home Loan Mortgage Corporation	10,849,905	10,849,905	-
Federal Home Loan Bank	12,097,519	12,097,519	-
Federal National Mortgage Association	10,369,908	10,369,908	-
Money Market Mutual Funds	<u>15,346,107</u>	<u>15,346,107</u>	<u>-</u>
	<u>\$ 111,380,093</u>	<u>\$ 48,663,439</u>	<u>\$ 62,716,654</u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Enterprise Securities	\$ 10,849,905
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	12,097,519
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	10,369,908

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

2. CASH AND INVESTMENTS (CONTINUED):

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2005, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law. The difference between the bank balances and deposits represent deposits in transit and outstanding checks.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS:

Interfund receivables and payables at June 30, 2005 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 981,559	\$ 55,765
Special Revenue Funds:		
Community Promotion	-	3,000,000
Housing and Community Development	-	1,220,000
Capital Projects Funds:		
Capital Improvements	5,784,000	-
Redevelopment Projects	55,765	841,559
Other Governmental Funds	-	1,704,000
	<u>\$ 6,821,324</u>	<u>\$ 6,821,324</u>

The interfund amounts between the Capital Improvements Fund and the Special Revenue Community Promotion, Housing and Community Development, and Other Governmental Funds are for short-term loans to cover operations.

The receivable and payable between the General Fund and the Redevelopment Projects Capital Projects Fund are for short-term operations related to activity between the funds.

Advances to and from other funds at June 30, 2005 are as follows:

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
General Fund	\$ 1,448,984	\$ -
Debt Service Fund	1,845,433	1,088,984
Capital Projects Funds:		
Capital Improvements	1,288,550	-
Redevelopment Projects	-	850,000
Other Governmental Funds	850,000	-
Enterprise Fund:		
Water	-	3,133,983
Internal Service Fund:		
Risk Management	-	360,000
	<u>\$ 5,432,967</u>	<u>\$ 5,432,967</u>

The advances from the General Fund of \$1,088,984 to the Debt Service Fund are to provide for operations of the Redevelopment Agency. The advances from the General Fund of \$360,000 to the Risk Management Internal Service Fund are to provide for temporary cash flows. The advances from the Debt Service Fund and Capital Improvements Capital Projects Fund to the Water Enterprise Fund, and from the Other Governmental Funds to the Redevelopment Projects Capital Projects Fund are to provide funds for capital improvements.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED):

The compositions of the City's interfund transfer balances as of June 30, 2005 are as follows:

Governmental Activities:

	Transfers Out						Total
						Other	
	General	Community Promotion	Debt Service	Capital Improvements	Redevelopment Projects	Governmental Funds	Governmental Funds
<u>Transfers In:</u>							
General	\$ -	\$ 32,000	\$ -	\$ 12,500	\$ 33,280	\$ 291,742	\$ 369,522
Community Promotion	-	-	-	1,475,000	-	-	1,475,000
Housing and Community							
Development	236,302	-	-	420,891	-	-	657,193
Debt Service	-	-	-	3,097,000	5,950,000	-	9,047,000
Capital Improvements	1,121	-	-	-	-	553,663	554,784
Redevelopment Projects	455,285	-	-	-	-	573,692	1,028,977
Other Governmental Funds	-	-	486,621	1,717,294	3,006,434	-	5,210,349
Water Enterprise	-	-	-	386,000	-	60,000	446,000
Internal Service	<u>1,033,000</u>	<u>-</u>	<u>-</u>	<u>483,940</u>	<u>-</u>	<u>-</u>	<u>1,516,940</u>
	<u>\$ 1,725,708</u>	<u>\$ 32,000</u>	<u>\$ 486,621</u>	<u>\$ 7,592,625</u>	<u>\$ 8,989,714</u>	<u>\$ 1,479,097</u>	<u>\$ 20,305,765</u>

Business-type Activity:

	Transfers Out		
	Water	Internal	Total
	Enterprise	Service	
<u>Transfers In:</u>			
General	\$ 140,000	\$ -	\$ 140,000
Housing and Community Development	10,000	-	10,000
Capital Improvements	955,004	480,795	1,435,799
Other Governmental Funds	<u>10,000</u>	<u>11,150</u>	<u>21,150</u>
	<u>\$ 1,115,004</u>	<u>\$ 491,945</u>	<u>\$ 1,606,949</u>

Transfers between/to Capital Improvements and Redevelopment Projects Funds from the other funds are to primarily fund capital projects, which are then transferred back to the original fund upon completion of the project.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED):

The General Fund transferred monies to the Internal Service Fund to fund capital purchases in the Motor Pool/Equipment Internal Service Fund. Other transfers from the General Fund to the Community Promotion Fund, Capital Improvements Fund, Redevelopment Projects Fund and Other Governmental Funds are for operations.

4. RECEIVABLES:

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds:

	General	Community Promotion	Housing and Community Development	Debt Service	Redevelopment Projects	Other Governmental	Total
Taxes	\$ 4,615,902	\$ 87,857	\$ -	\$ 943,512	\$ -	\$ 199,774	\$ 5,847,045
Accounts	180,737	-	-	-	1,834	-	182,571
Interest	748,271	5,100	-	111,651	180,592	-	1,045,614
Loans	-	-	2,088,852	-	-	582,281	2,671,133
Notes	-	-	-	-	-	1,903,048	1,903,048
Due from other governments	147,406	-	417,402	-	73,770	584,289	1,222,867
Net Total Receivables	<u>\$ 5,692,316</u>	<u>\$ 92,957</u>	<u>\$ 2,506,254</u>	<u>\$ 1,055,163</u>	<u>\$ 256,196</u>	<u>\$ 3,269,392</u>	<u>\$ 12,872,278</u>

Proprietary Funds:

	Water Enterprise	Internal Service	Total
Accounts	\$ 1,676,771	\$ 8,851	\$ 1,685,622
Interest	845	-	845
Other	7,436	39,568	47,004
Net Total Receivables	<u>\$ 1,685,052</u>	<u>\$ 48,419</u>	<u>\$ 1,733,471</u>

5. LAND HELD FOR RESALE:

Land held for resale consists of property acquired by the Redevelopment Agency and held for resale. The property is carried at the lower of cost or estimated net realizable value. The estimated net realizable value as of June 30, 2005, is \$723,950 with this amount offset by a reservation of fund balance. Certain properties held by the Agency have been leased to private parties with future options to purchase.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

6. CAPITAL ASSETS:

A summary of changes in the Governmental Activities capital assets at June 30, 2005 is as follows:

Governmental Activities:	<u>Balance at June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2005</u>
Capital assets, not being depreciated:				
Land	\$ 4,151,928	\$ -	\$ -	\$ 4,151,928
Construction in progress	<u>4,444,291</u>	<u>6,607,865</u>	<u>-</u>	<u>11,052,156</u>
Total capital assets, not being depreciated	<u>8,596,219</u>	<u>6,607,865</u>	<u>-</u>	<u>15,204,084</u>
Capital assets, being depreciated:				
Buildings	13,224,901	89,186	(7,567)	13,306,520
Improvements other than buildings	4,623,813	18,349	(1,600,971)	3,041,191
Vehicles, machinery and equipment	5,356,616	592,877	(1,991,641)	3,957,852
Office furniture and equipment	4,909,214	144,363	(1,390,726)	3,662,851
Leased property	1,162,259	-	(443,565)	718,694
Infrastructure	<u>195,348,988</u>	<u>2,656,361</u>	<u>-</u>	<u>198,005,349</u>
Total capital assets, being depreciated	<u>224,625,791</u>	<u>3,501,136</u>	<u>(5,434,470)</u>	<u>222,692,457</u>
Less accumulated depreciation for:				
Buildings	(6,008,615)	(295,578)	7,567	(6,296,626)
Improvements other than buildings	(2,199,563)	(149,628)	1,600,971	(748,220)
Vehicles, machinery and equipment	(3,211,263)	(385,470)	1,981,381	(1,615,352)
Office furniture and equipment	(2,660,801)	(578,104)	1,390,726	(1,848,179)
Leased property	(810,742)	(110,039)	402,537	(518,244)
Infrastructure	<u>(105,758,593)</u>	<u>(4,130,939)</u>	<u>-</u>	<u>(109,889,532)</u>
Total accumulated depreciation	<u>(120,649,577)</u>	<u>(5,649,758)</u>	<u>5,383,182</u>	<u>(120,916,153)</u>
Total capital assets, being depreciated, net	<u>103,976,214</u>	<u>(2,148,622)</u>	<u>(51,288)</u>	<u>101,776,304</u>
Governmental activities capital assets, net	<u>\$112,572,433</u>	<u>\$ 4,459,243</u>	<u>\$ (51,288)</u>	<u>\$ 116,980,388</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

6. CAPITAL ASSETS (CONTINUED):

A summary of changes in the Business-type Activity capital assets at June 30, 2005 is as follows:

Business-type Activity:	<u>Balance at June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2005</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 2,015,496	\$ -	\$ -	\$ 2,015,496
Construction in progress	<u>12,536,899</u>	<u>89,439</u>	<u>-</u>	<u>12,626,338</u>
Total capital assets, not being depreciated	<u>14,552,395</u>	<u>89,439</u>	<u>-</u>	<u>14,641,834</u>
Capital assets, being depreciated:				
Buildings	85,449	-	-	85,449
Improvements other than buildings	64,839	-	(7,815)	57,024
Water distribution lines	41,099,102	-	-	41,099,102
Machinery and equipment	9,954,446	871,703	(55,540)	10,770,609
Office furniture and equipment	<u>150,846</u>	<u>1,690</u>	<u>(34,077)</u>	<u>118,459</u>
Total capital assets, being depreciated	<u>51,354,682</u>	<u>873,393</u>	<u>(97,432)</u>	<u>52,130,643</u>
Less accumulated depreciation for:				
Buildings	(85,449)	-	-	(85,449)
Improvements other than buildings	(36,327)	(2,875)	7,815	(31,387)
Water distribution lines	(20,955,167)	(632,294)	-	(21,587,461)
Machinery and equipment	(4,647,644)	(504,553)	55,540	(5,096,657)
Office furniture and equipment	<u>(83,949)</u>	<u>(10,767)</u>	<u>34,077</u>	<u>(60,639)</u>
Total accumulated depreciation	<u>(25,808,536)</u>	<u>(1,150,489)</u>	<u>97,432</u>	<u>(26,861,593)</u>
Total capital assets, being depreciated, net	<u>25,546,146</u>	<u>(277,096)</u>	<u>-</u>	<u>25,269,050</u>
Business-type Activity capital assets, net	<u>\$ 40,098,541</u>	<u>\$ (187,657)</u>	<u>\$ -</u>	<u>\$ 39,910,884</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

6. CAPITAL ASSETS (CONTINUED):

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$ 61,032
Public safety	547,306
Public works	4,173,007
Community development	172,020
Community services	71,411
Internal service funds	<u>624,982</u>

Total depreciation expense - governmental activities \$ 5,649,758

Business-type Activity:

Water Fund	<u>\$ 1,150,489</u>
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7. LONG-TERM LIABILITIES:

The following is a summary of long-term liability transactions for the year ended June 30, 2005:

Governmental Activities:

	Balance July 1, 2004	Additions	Reductions	Deferred Bond Costs	Balance June 30, 2005	Amount Due Within One Year
Tax allocation bonds payable	\$41,480,000	\$ 3,100,000	\$ 3,775,000	\$ -	\$40,805,000	\$ 3,880,000
Certificates of participation	9,744,163	-	635,000	24,528	9,133,691	660,000
Notes payable	695,000	-	395,000	-	300,000	-
Compensated absences	1,809,104	1,447,520	1,509,542	-	1,747,082	1,572,374
Claims liabilities	<u>2,423,709</u>	<u>954,600</u>	<u>960,393</u>	<u>-</u>	<u>2,417,916</u>	<u>604,479</u>
Total Governmental Activities	<u>56,151,976</u>	<u>5,502,120</u>	<u>7,274,935</u>	<u>24,528</u>	<u>54,403,689</u>	<u>6,716,853</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

7. LONG-TERM LIABILITIES (CONTINUED):

The following is a summary of long-term liability transactions for the year ended June 30, 2005
(Continued):

Business-type Activity:

	Balance July 1, 2004	Additions	Reductions	Deferred Bond Costs	Balance June 30, 2005	Amount Due Within One Year
Certificates of participation	\$ 4,065,018	\$ -	\$ 145,000	\$ 16,068	\$ 3,936,086	\$ 150,000
Loans payable	4,417,041	-	259,284	-	4,157,757	271,033
Compensated absences	96,393	154,537	140,658	-	110,272	110,272
Total Business-type Activity	<u>8,578,452</u>	<u>154,537</u>	<u>544,942</u>	<u>16,068</u>	<u>8,204,115</u>	<u>531,305</u>
City Total	<u>\$64,730,428</u>	<u>\$ 5,656,657</u>	<u>\$ 7,819,877</u>	<u>\$ 40,596</u>	<u>\$62,607,804</u>	<u>\$ 7,248,158</u>

Governmental Activities:

The Governmental Activities long-term liability transactions at June 30, 2005 are comprised of the following individual items:

Tax Allocation Bonds

\$40,250,000 Westminster Commercial Redevelopment Project No. 1, 1997 Tax Allocation Revenue Refunding Bonds dated December 1, 1997. The bonds are payable in annual installments ranging from \$640,000 to \$2,415,000 until maturity on August 1, 2027. Interest is payable monthly at a variable rate not to exceed 12%. The 1997 bonds were issued for the purpose of advance refunding \$28,475,000 Westminster Commercial Redevelopment Project No. 1, 1991 Tax Allocation Bonds Series A (1991 bonds), and the \$10,000,000 Westminster Commercial Redevelopment Project No. 1, 1993 Tax Allocation Parity Bonds (1993 bonds). Proceeds from the 1997 bonds were invested in an escrow fund with a trustee which together with earnings will pay interest and principal on the 1991 and 1993 bonds until fully retired. The 1991 and 1993 bonds are legally defeased and are no longer a liability of the Agency. The principal balance on the 1991 defeased bonds was fully paid as of June 30, 2005. The principal balance on the 1993 defeased bonds at June 30, 2005 to be paid by the trustee from the escrow fund was \$8,130,000.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

7. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

Tax Allocation Bonds (Continued)

The 1997 bonds were issued pursuant to a tax-exempt interest rate swap agreement with AMBAC Financial Savings Limited Partnership (AFS-LP), whereby the Redevelopment Agency pays a “fixed” interest rate of 4.62% plus a “liquidity assurance” fee of .25% to AFS-LP for the life of the financing. AFS-LP pays the bondholders based on the variable rate calculation. Under the swap agreement, the Redevelopment Agency owes interest calculated at a fixed rate of 4.62% to the counterparty (AFS-LP). In return, the counterparty owes the Agency interest based on a variable rate that matches the rate required by the bonds. Only the net difference in interest payments is actually exchanged with the counterparty. The bond principal is not exchanged; it is only the basis on which the interest payments are calculated.

The Agency continues to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the swap agreement, the Agency effectively pays a fixed rate on the debt. The debt service requirements to maturity for these bonds are based on that fixed rate. The Agency will be exposed to variable rates if the swap agreement is terminated by the Agency. In the event of any counterparty default, the counterparty swap payment is insured by AMBAC. Further, if there is an AMBAC downgrade, AMBAC will post collateral to the counterparty for the principal. A termination of the swap agreement may also result in the Agency’s making or receiving a termination payment.

\$ 34,580,000

\$450,000 Westminster Commercial Redevelopment Project No. 1, 1991 Subordinate Taxable Tax Allocation Bonds, Series B, dated October 1, 1991 payable in the amounts of \$225,000 on December 1, 2002 and \$225,000 on December 1, 2007. The bonds are subject to mandatory redemption at a price equal to the principal and accrued interest, without premium. Interest is paid semiannually at rates of 10.25% and 10.50% per annum.

150,000

See accompanying independent auditors’ report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

7. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

Tax Allocation Bonds (Continued)

\$5,900,000 Westminster Commercial Redevelopment Project No. 1, 2004 Subordinate Tax Allocation Notes, dated May 1, 2004. The notes are payable in annual installments ranging from \$1,900,000 to \$2,035,000 until maturity on May 1, 2007. The notes are subject to optional call and redemption prior to maturity on any date after November 1, 2004 at a redemption price equal to the principal amount thereof plus interest accrued to the date of redemption together with a redemption premium equal to a date based assigned percentage of the principal. Interest is paid semiannually at a rate of 3.50% per annum. \$ 4,000,000

\$3,100,000 Westminster Commercial Redevelopment Project No. 1, 2004 Subordinate Tax Allocation Notes, Series B, dated September 1, 2004. The notes are payable in annual installments ranging from \$1,020,000 to \$1,055,000 until maturity on May 1, 2007. The notes are subject to optional call and redemption prior to maturity on any date after November 1, 2004 at a redemption price equal to the principal amount thereof plus interest accrued to the date of redemption together with a redemption premium equal to a date based assigned percentage of the principal. Interest is paid semiannually at a rate of 3.70% per annum. 2,075,000

Total Tax Allocation Bonds \$ 40,805,000

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

7. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

Certificates of Participation

\$13,600,000 Westminster Variable Rate Demand Certificates of Participation, Series 1998A (1998 Civic Center Refunding Program), dated October 1, 1998. The Certificates are payable in annual installments ranging from \$300,000 to \$815,000 until maturity on June 1, 2022. Interest is payable monthly at a variable rate not to exceed 12%. The 1998 Certificates were issued for the purpose of advance refunding the \$9,000,000 Civic Center and Street Improvement Project Certificates of Participation (1994 Certificates), and the \$5,000,000 Public Improvement Project Certificates of Participation (1995 Certificates). Proceeds from the Series 1998A Certificates were invested in an escrow fund with a trustee which together with earnings will pay interest and principal on the 1994 and 1995 Certificates until fully retired. The 1994 and 1995 Certificates are legally defeased and no longer a liability of the City. The principal balances on the 1994 and 1995 defeased Certificates of Participation at June 30, 2005 to be paid by the trustee from the escrow fund were \$5,390,000 and \$4,070,000, respectively.

The 1998 Certificates were issued pursuant to a tax-exempt interest rate swap agreement with AMBAC Financial Savings Limited Partnership (AFS-LP), whereby the City pays a "fixed" interest rate of 4.115% plus a "liquidity assurance" fee of .25% to AFS-LP for the life of the financing. AFS-LP pays the certificate holders based on the variable rate calculation. Under the swap agreement, the City owes interest calculated at a fixed rate of 4.115% to the counterparty (AFS-LP). In return, the counterparty owes the City interest based on a variable rate that matches the rate required by the certificates. Only the net difference in interest payments is actually exchanged with the counterparty. The certificate principal is not exchanged; it is only the basis on which the interest payments are calculated.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

7. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

Certificates of Participation (Continued)

The City continues to pay interest to the certificate holders at the variable rate provided by the certificates. However, during the term of the swap agreement, the City effectively pays a fixed rate on the debt. The debt service requirements to maturity for these certificates are based on that fixed rate. The City will be exposed to variable rates if the swap agreement is terminated by the City. In the event of any counterparty default, the counterparty swap payment is insured by AMBAC. Further, if there is an AMBAC downgrade, AMBAC will post collateral to the counterparty for the principal. A termination of the swap agreement may also result in the City's making or receiving a termination payment.

Gross Principal	\$ 9,475,000
Less: Deferred Amounts on Advance Refunding	<u>(341,309)</u>
Net Amount Certificates of Participation	<u>\$ 9,133,691</u>

Notes Payable

\$2,900,000 in Section 108 promissory notes dated February 1, 1995 guaranteed by the Secretary of the Department of Housing and Urban Development. The proceeds of the notes will be used for the acquisition of the Warner School Site, rehabilitation of the 15th Street Apartments, and development of the Rose Park. These notes are considered obligations of the general government and are being repaid from annual Community Development Block Grant funds. The notes are payable in annual installments ranging from \$235,700 to \$480,900. Interest is payable semiannually on February 1 and August 1 at rates ranging from 7.71% to 8.24% per annum. The note was paid in full on August 1, 2004.

\$ -

\$300,000 California Housing Finance Agency note dated February 6, 2002, and executed on January 28, 2004. The principal is due January 28, 2014 with interest payable at a rate of 3%.

300,000

Total Notes Payable \$ 300,000

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

7. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

Compensated Absences/Claims Liabilities

Compensated absences and claims liabilities are being liquidated in the internal service funds. These internal service funds predominately serve the governmental funds. Accordingly, these liabilities are part of the total liabilities for governmental activities.

Business-type Activity:

The Business-type Activity long-term liability transactions at June 30, 2005 are comprised of the following individual items:

Certificates of Participation

\$5,210,000 Westminster Variable Rate Demand Certificates of Participation, Series 1998B (1998 Water System Refunding Program), dated October 1, 1998. The certificates are payable in annual installments ranging from \$115,000 to \$320,000 until maturity on June 1, 2024. Interest is payable monthly at a variable rate not to exceed 12%. The 1998 Certificates were issued for the purpose of advance refunding the \$5,300,000 1993 Water System Improvement Project Certificates of Participation (1993 Certificates). Proceeds from the 1998B Series Certificates were invested in an escrow fund with a trustee which together with earnings will pay interest and principal on the 1993 Certificates until fully retired. The 1993 Certificates are legally defeased and no longer a liability of the City. The principal balance on the 1993 defeased Certificates of Participation is fully paid.

The 1998 Certificates were issued pursuant to a tax-exempt interest rate swap agreement with AMBAC Financial Savings Limited Partnership (AFS-LP), whereby the City pays a "fixed" interest rate of 4.115% plus a "liquidity assurance" fee of .25% to AFS-LP for the life of the financing. AFS-LP pays the certificate holders based on the variable rate calculation. Under the swap agreement, the City owes interest calculated at a fixed rate of 4.115% to the counterparty (AFS-LP). In return, the counterparty owes the City interest based on a variable rate that matches the rate required by the certificates. Only the net difference in interest payments is actually exchanged with the counterparty. The certificate principal is not exchanged; it is only the basis on which the interest payments are calculated.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

7. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity (Continued):

Certificates of Participation (Continued)

The City continues to pay interest to certificate holders at the variable rate provided by the certificates. However, during the term of the swap agreement, the City effectively pays a fixed rate on the debt. The debt service requirements to maturity for these certificates are based on that fixed rate. The City will be exposed to variable rates if the swap agreement is terminated by the City. In the event of any counterparty default, the counterparty swap payment is insured by AMBAC. Further, if there is an AMBAC downgrade, AMBAC will post collateral to the counterparty for the principal. A termination of the swap agreement may also result in the City's making or receiving a termination payment.

Gross Principal	\$ 4,240,000
Less: Deferred Amounts on Advance Refunding	<u>(303,914)</u>
Net Amount Certificates of Participation	<u>\$ 3,936,086</u>

The covenants authorizing the 1998 Water System Refunding Program Certificates of Participation stipulate that water rates must be maintained at levels sufficient to generate revenues in excess of certain predetermined amounts. Additionally, the City must establish certain management guidelines with respect to the operation of the water system. Resolution No. 3449, authorizing the issuance, terms and conditions of the 1998 Water System Refunding Program Certificates of Participation, includes a covenant requiring that the charges for the services, facilities and water costs of the enterprise be so fixed that the "net revenues" of the enterprise shall be at least 125% of the installment payments on the Certificates.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

7. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity (Continued):

Certificates of Participation (Continued)

For the fiscal year ended June 30, 2005, the calculation of the Enterprise Fund's compliance with the rate coverage covenant is as follows:

Gross revenues:	
Charges for services	\$ 10,323,213
Investment income	195,651
Other	<u>6,003</u>
Total gross revenues	<u>10,524,867</u>
Operating expenses:	
Operating expenses	10,315,274
Depreciation and amortization	(1,155,343)
Vehicle replacement charges	<u>(124,553)</u>
Total operating costs	<u>9,035,378</u>
Net revenues	<u>\$ 1,489,489</u>
Installment payments:	
Principal payments	\$ 145,000
Interest payments	<u>188,241</u>
Total installment payments	<u>\$ 333,241</u>
Net revenues to installment payment coverage ratio	<u>447%</u>

City management believes it is in compliance with all such covenants.

Additionally, the City has agreed to maintain a replacement reserve at a level the City determines to be economically prudent. For the fiscal year ended June 30, 2005, the Enterprise Fund's capital equipment replacement reserve is as follows:

Capital equipment replacement reserve	<u>\$ 1,119,400</u>
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See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

7. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity (Continued):

Loans Payable

\$889,355 loan payable to Orange County Water District, dated August 1, 2000. The loan is payable in annual installments ranging from \$31,449 to \$60,640 until maturity on February 1, 2020. Interest is payable at a fixed rate of 3.5%. The loan was issued as per a conjunctive use well construction program agreement with the Orange County Water District for the completion of a well. \$ 720,714

\$2,200,000 installment purchase agreement payable to Zions First National Bank, dated December 12, 2001. The agreement is payable in annual installments ranging from \$159,000 to \$247,000 until maturity on June 1, 2012. Interest is payable at a fixed rate of 4.5%. The agreement was issued to provide for financing of improvements to the City's water system. 1,520,000

\$2,000,000 installment sale agreement payable to California Infrastructure and Economic Development Bank, dated January 28, 2002. The agreement was issued to provide for the financing of a water tank. As of June 30, 2004 the project has been completed, and the loan is fully funded. The agreement is payable in annual installments ranging from \$40,000 to \$105,000 until maturity on August 1, 2032. Interest is payable at 3.26% per annum until fully funded. Once funded, the interest is payable at a fixed rate of 3.52% per annum. 1,917,043

Total Loans Payable \$ 4,157,757

Compensated Absences

Compensated absences expected to be liquidated by the Water Enterprise Fund are reported as a liability for Business-type Activity.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

7. LONG-TERM LIABILITIES (CONTINUED):

Governmental and Business-type Activity:

Annual Amortization Requirements of Governmental and Business-type Long-Term Liabilities

The annual requirements to amortize all governmental and business-type long-term liabilities (excluding compensated absences, claims payable and capitalized lease) outstanding as of June 30, 2005, including interest payments are as follows:

Year Ending June 30,	Tax Allocation Bonds		
	Principal	Interest	Total
2006	\$ 3,880,000	\$ 1,873,294	\$ 5,753,294
2007	4,030,000	1,717,968	5,747,968
2008	990,000	1,556,661	2,546,661
2009	980,000	1,506,048	2,486,048
2010	1,025,000	1,456,130	2,481,130
2011-2015	5,930,000	6,441,549	12,371,549
2016-2020	7,520,000	4,772,844	12,292,844
2021-2025	9,540,000	2,656,098	12,196,098
2026-2030	6,910,000	347,231	7,757,231
	<u>\$ 40,805,000</u>	<u>\$ 22,327,823</u>	<u>\$ 63,132,823</u>

Year Ending June 30,	Certificates of Participation Governmental and Business-type Activity		
	Principal	Interest	Total
2006	\$ 810,000	\$ 580,982	\$ 1,390,982
2007	840,000	544,970	1,384,970
2008	875,000	507,540	1,382,540
2009	920,000	468,365	1,388,365
2010	955,000	427,443	1,382,443
2011-2015	3,700,000	1,607,411	5,307,411
2016-2020	3,770,000	868,744	4,638,744
2021-2025	1,845,000	68,531	1,913,531
	13,715,000	5,073,986	18,788,986
Less: deferred bond costs	(645,223)	-	(645,223)
	<u>\$ 13,069,777</u>	<u>\$ 5,073,986</u>	<u>\$ 18,143,763</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

7. LONG-TERM LIABILITIES (CONTINUED):

Governmental and Business-type Activity (Continued):

Annual Amortization Requirements of Governmental and Business-type Long-Term Liabilities
(Continued)

Year Ending June 30,	Note Payable		
	Principal	Interest	Total
2014	\$ 300,000	\$ 90,000	\$ 390,000

Year Ending June 30,	Loans Payable		
	Principal	Interest	Total
2006	\$ 271,033	\$ 160,336	\$ 431,369
2007	281,878	148,914	430,792
2008	293,822	137,031	430,853
2009	305,871	124,639	430,510
2010	319,026	111,734	430,760
2011-2015	999,472	355,450	1,354,922
2016-2020	613,726	230,249	843,975
2021-2025	393,733	145,307	539,040
2026-2030	468,083	75,771	543,854
2031-2035	211,113	7,495	218,608
	<u>\$ 4,157,757</u>	<u>\$ 1,496,926</u>	<u>\$ 5,654,683</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

7. LONG-TERM LIABILITIES (CONTINUED):

Governmental and Business-type Activity (Continued):

Annual Amortization Requirements of Governmental and Business-type Long-Term Liabilities (Continued)

Year Ending June 30,	Grand Totals		
	Principal	Interest	Total
2006	\$ 4,961,033	\$ 2,614,612	\$ 7,575,645
2007	5,151,878	2,411,852	7,563,730
2008	2,158,822	2,201,232	4,360,054
2009	2,205,871	2,099,052	4,304,923
2010	2,299,026	1,995,307	4,294,333
2011-2015	10,929,472	8,404,410	19,333,882
2016-2020	11,903,726	5,871,837	17,775,563
2021-2025	11,778,733	2,869,936	14,648,669
2026-2030	7,378,083	423,002	7,801,085
2031-2035	211,113	7,495	218,608
Less: deferred bond costs	(645,223)	-	(645,223)
	<u>\$ 58,332,534</u>	<u>\$ 28,898,735</u>	<u>\$ 87,231,269</u>

8. INTEREST RATE SWAP AGREEMENTS:

Objective:

As a means to lower borrowing costs when compared to fixed rate debt at the time of issuance, the City has entered into interest rate swap agreements in connection with its variable rate debt. The intention of the swaps was to artificially fix the City's variable interest rate on the bonds to a synthetic fixed rate. (See Note 7).

The City has entered into swap agreements related to the following Bonds/Certificates (Bonds):

Bond Issue	Date of Agreement	Synthetic Fixed Rate
\$40,250,000 1997 Tax Allocation Bonds (1997 Bonds)	December 17, 1997	4.870 %
\$13,600,000 Certificates of Participation, Series 1998A (1998A Certificates)	October 29, 1998	4.365 %
\$5,210,000 Certificates of Participation, Series 1998B (1998B Certificates)	October 29, 1998	4.365 %

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

8. INTEREST RATE SWAP AGREEMENTS (CONTINUED):

Terms:

Under the terms of each swap, the City pays the swap provider, AMBAC Financial Services LLP, a fixed payment of the remaining notational amount times the fixed rate. AMBAC Financial Services LLP, a related Company to the Insurer of the Bonds, AMBAC Assurance Corporation pays interest on the Bonds to the trustee. The swaps were entered into the same time the Bonds were issued. The notional value of the swaps will decline annually until the Bonds are repaid.

The notional value and the period when the Bonds are due are as follows:

<u>Bond Issue</u>	<u>Notational Value</u>	<u>Final Payment Year</u>
1997 Bonds	\$ 33,730,000	2027
1998A Certificates	9,475,000	2021
1998B Certificates	4,385,000	2023

Fair Value:

As of June 30, 2005 and September 30, 2005 the Swaps have negative fair values. The negative fair value of the swaps are practically offset by the reductions in total interest payments required under the variable rate bonds. Because the coupons on the variable rate bonds adjust weekly, the bonds do not have a corresponding fair value increase. The fair value was provided by the swap provider, AMBAC Financial Services LLP.

The negative fair value related to each of the swaps as follows:

<u>Bond Issue</u>	<u>Negative Fair Value</u>	
	<u>June 30, 2005</u>	<u>September 30, 2005</u>
1997 Bonds	\$ 4,185,783	\$ 2,785,307
1998A Certificates	375,685	284,813
1998B Certificates	206,021	143,038

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

8. INTEREST RATE SWAP AGREEMENTS (CONTINUED):

Credit Risk:

As of June 30, 2005, the City was not exposed to credit risk because the swaps had a negative fair value. However, should interest rates rise and the fair value of the swaps become positive, the Agency would be exposed to credit risk in the amount of the swaps fair value. The swap provider, AMBAC Financial Services LLP, was rated Aaa by Moodys Investor Service and AAA by Standard and Poors Rating Service as of June 30, 2005. To mitigate credit risk, the swap provides that if the bond insurer, AMBAC Assurance Corporation, rating is withdrawn, suspended or falls below AA- by Standard and Poors or Aa3 by Moodys, or the short term rating falls below A-1 or VMIG -1 the swap provider, AMBAC Financial Services LLP, will notify the City within 5 days of a Collateral Agent and the fair value of the swap will be fully collateralized by AMBAC Financial Services LLP with securities issued or guaranteed by the Federal Government, the Federal Home Loan Mortgage Corporation or Federal National Mortgage Association.

Basis Risk:

The swaps expose the City to basis risk. Under the swap agreements AMBAC Financial Service LLP has the right to determine each calculation period if certain adverse events such as a bond rating downgrade, event of taxability, or an issuer downgrade have increased the interest rate on the variable rate bonds. If so, AMBAC Financial Services LLP has the right to recalculate an Alternative Floating Rate and collected from the City the difference between the Bond Market Association Floating Rate Index or BMI Rate and the average rate on the variable rate bonds during the calculation period.

Termination Risk:

Each swap agreement has standard termination events such as failure to pay and bankruptcy. In addition to optional termination by the City the swap agreements may also be terminated by the City if the bond insurance provider, AMBAC Assurance Corporations ratings are withdrawn, suspended or lowered below A- by Standard and Poors or A3 by Moodys. The City or swap provider may terminate the swap if the other party fails to perform under the terms of the Agreement. If the swap is terminated, the variable rate bonds would no longer carry a synthetic fixed interest rate. Also, if at time of termination the swap has a negative fair value, the City would be liable to the swap provider, AMBAC Financial Services LLP for payment equal to the swaps fair value. If the City prepays the variable rate bonds, the City may still be liable to make payments under the swap agreement.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

9. ASSESSMENT DISTRICT BONDS:

In July 1992, the City issued \$400,373 Limited Obligation Improvement Bonds, on behalf of Assessment District No. 92-1. Proceeds of the bonds were used to finance the construction of streets, storm drains, and traffic improvements. The bonds are secured by the unpaid assessments, together with interest thereon, on parcels within the District. The City is in no way liable for repayment, but is only acting as an agent for the collection of principal and interest payments by property owners and remittance for such monies to the bondholders. At June 30, 2005, the unpaid obligation on the bonds was \$225,000 and cash and investments for bonds and interest coupons redemption of \$80,552 was held by the City and recorded on the 1915 Act Bonds Agency Fund.

10. PASS-THROUGH AGREEMENTS:

The Westminster Redevelopment Agency has entered into agreements with various governmental entities to "pass-through" portions of tax increments received to entities which are located within the Agency's project area. Tax incremental revenues passed through to other agencies during fiscal year 2005 totaled \$4,091,066 and pass-throughs due and payable totaled \$4,319,694 at year-end and are recorded in the Debt Service Fund.

11. PENSION PLAN:

Plan Description:

The City's defined benefit pension plans, the Miscellaneous and Safety Plans for the City of Westminster (Plans), provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plans are part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office: 400 P Street, Sacramento, CA 95814.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

11. PENSION PLAN (CONTINUED):

Funding Policy:

Participants are required to contribute 7%-9% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution requirement for fiscal year 2005 was \$2,353,740 for miscellaneous employees and safety employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost:

For fiscal year 2005, the City's actual and contributed annual pension cost was \$2,353,740. The required contribution for the fiscal year 2005 was determined as part of the June 30, 2004 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of payroll. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45%, (c) inflation of 3.00%, (d) payroll growth of 3.25%, and (e) an individual salary growth based on merit scale varying by duration of employment, coupled with an assumed annual inflation component of 3.00%, and an annual production growth of 0.25%.

The actuarial value of the Plans' assets were determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a fifteen year period. The Plans' initial unfunded liabilities are amortized over a closed period that depends on the Plans' date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20 year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period. If the Plans' accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period. The remaining Plans' amortization period at June 30, 2005 was 32 years for the Miscellaneous Plan and 14 years for the Safety Plan.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

11. PENSION PLAN (CONTINUED):

Three-Year Trend Information for the Miscellaneous and Safety Plans:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage APC Contributed</u>	<u>Net Pension Obligation</u>
<u>Miscellaneous Employees</u>			
6/30/03	\$ 194,321	100%	\$ -
6/30/04	-	100%	-
6/30/05	240,254	100%	-
<u>Safety Employees</u>			
6/30/03	\$ 656,840	100%	\$ -
6/30/04	612,322	100%	-
6/30/05	2,113,486	100%	-

Schedule of Funding Progress for PERS (\$ Amount in Thousands):

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a % of Covered Payroll [(B-A)/C]</u>
6/30/02:						
Misc.	\$ 53,910	\$ 47,182	\$ (6,728)	114.3 %	\$ 9,368	(71.819) %
Safety	<u>116,305</u>	<u>116,746</u>	<u>441</u>	99.6 %	<u>8,435</u>	5.228 %
Total	<u>\$ 170,215</u>	<u>\$ 163,928</u>	<u>\$ (6,287)</u>	103.8 %	<u>\$ 17,803</u>	(35.314) %
6/30/03:						
Misc.	<u>\$ 54,347</u>	<u>\$ 52,006</u>	<u>\$ (2,341)</u>	104.5 %	<u>\$ 9,330</u>	(25.091) %
Safety *						
6/30/04:						
Misc. *	<u>\$ 54,963</u>	<u>\$ 56,542</u>	<u>\$ 1,579</u>	97.2 %	<u>\$ 9,109</u>	17.335 %
Safety *						

* - Individual amounts for the City's Safety plan are not available.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

11. PENSION PLAN (CONTINUED):

Plan Description - Other Defined Contribution Pension Plans:

Part-time, Seasonal and Temporary Employees-Alternate Retirement System Plan

Omnibus Budget Reconciliation Act of 1990 (OBRA 90) mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992 be covered by Social Security or an alternate plan. In accordance with this federal law, the City provides pension benefits for all part-time, seasonal and temporary employees through the City of Westminster Alternate Retirement System Plan administered by the Public Agency Retirement System (PARS-ARS). PARS-ARS is a defined contribution pension plan and benefits depend solely on amounts contributed to the plan plus investment earnings. Federal legislation requires defined contributions to the retirement plan of at least 7.5% of the employee's salary. Accordingly, contributions to the plan consist of 6% by the employee and 1.5% by the City. All part-time, seasonal or temporary employees are immediately eligible to participate in the plan from the date of employment and all contributions are fully vested.

For the year ended June 30, 2005, the City's payroll covered by the plan was \$1,427,908. Contributions to the plan totaled \$107,093 with employee contributions in the amount of \$85,644 (6.0% of current covered payroll) and City contributions in the amount of \$21,449 (1.5% of current covered payroll).

Law Enforcement - Public Agency Retirement System Supplement

All full-time and permanent personnel represented by the Westminster Police Officers' Association are eligible to participate in the Public Agency Retirement System Supplement to the California Public Employees' Retirement System Plan. This supplemental plan is administered by PARS with Union Bank of California and operates in conjunction with the City's CalPERS pension plan. As a defined contribution plan, the City contributes on the employees behalf fifty dollars per month for each year of service with the Employer with a maximum benefit of \$1,250 per month. Employee service time vests immediately. The employees, however, must retire from the City of Westminster to receive the retirement benefit. City contributions are made monthly to PARS and participants fully vest in these benefits. For the year ended June 30, 2005, 27 law enforcement personnel participated in the plan and the City's total contribution to the plan was \$240,000.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

12. POSTRETIREMENT HEALTH CARE BENEFITS:

In addition to the pension benefits described in Note 11, the City provides postretirement health care benefits in accordance with memorandum of understanding agreements signed between the City and the various labor groups. Employees who retire from the City under the CalPERS retirement plan are eligible to have their medical, dental and life benefits continued in accordance with their eligibility level at retirement, subject to annual contribution caps of \$10,794 for all employees. The City's regular health care benefit providers underwrite the retiree's policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

As of year-end, there were 209 retired employees receiving postretirement benefits. The City finances the plan on a pay-as-you-go basis. For the year ended June 30, 2005, the City recognized as incurred \$1,499,714 of expenditures, which was net of \$86,747 of retiree contributions.

13. DEFERRED COMPENSATION:

Certain provisions of the Small Business Job Protection Act (the Act) effected Internal Revenue Code Section 457 plans by eliminating the requirement that Section 457 plan assets legally remain the assets of the sponsoring government. The Act requires that amounts deferred under a Section 457 plan be held in trust for the exclusive benefit of participating employees and not be accessible by the government or its creditors.

The City has implemented GASB 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". The assets have been transferred into a trust, and are no longer subject to claims of the City's general creditors, and are no longer considered the assets of the City. The plan permits all City employees to defer a portion of their salary until future years. The amount deferred is not available to employees until termination, retirement, death or unforeseeable emergency.

The City contracts with private deferred compensation administration firms to act as an agent of the City to fulfill all the City's administrative responsibilities. The duties performed by this fiduciary on behalf of the City include assisting employees in the execution of investment transactions and providing summary and participant reporting of these investments.

Since the City has placed the assets into a trust and has little administrative involvement and does not perform the investing function for the plan, the assets have been removed from the City's financial statements.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

14. RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

The City retains the risk of loss for general liability claims of up to \$350,000 per occurrence and workers compensation claims of up to \$275,000 per person per occurrence. The City has established the Risk Management and Compensation/Benefits Internal Service Funds to account for and finance these uninsured risks of loss, and liabilities are accrued when incurred, whether or not reported, in each of these Funds.

The City is also a member of the California Insurance Pool Authority (CIPA), a public entity risk pool consisting of 11 member cities in Orange County, California, which was established to pool resources, share risks, purchase excess insurance, and share costs for professional risk management and claims administration. Portions of general liability and workers compensation claims exceeding the above mentioned amounts are covered by CIPA up to a maximum \$5,000,000 per claim and \$20,000,000 annual aggregate amount for general liability claims. The coverage for workers' compensation extends to statutory limit. Member cities make payments to CIPA based on underwriting estimates and may be assessed the difference between funds available and the \$20,000,000 annual aggregate in proportion to their annual premiums. Additional coverage is maintained through a commercial insurer for claims in excess of the per claim units and the annual aggregate amounts.

The City continues to carry commercial insurance for all other risks of loss, including employee health, fire, water, boiler and machinery insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

All Funds of the City participate in the risk management program and make payments to the Risk Management and Compensation/Benefits Internal Service Funds based on estimates of the amounts needed to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. At June 30, 2005, the Risk Management Fund had accumulated fund equity of \$5,489,279. Also, at June 30, 2005, the Compensation/Benefits Fund had a reserve for catastrophic losses of \$5,192,720, which is reported as net assets in this fund. The claims liabilities of \$609,300 and \$1,808,616 reported in the Risk Management and Compensation/Benefits Internal Service Funds, respectively, at June 30, 2005 are based on the requirements of Governmental Accounting Standards Board Statement No.10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and amount of the loss can be reasonably estimated.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

14. RISK MANAGEMENT (CONTINUED):

Changes in the Risk Management and Compensation/Benefits Internal Service Funds' claims liability amounts in fiscal years 2005 and 2004 were as follows:

	Risk Management Fund		Compensation/Benefits Fund	
	2005	2004	2005	2004
Beginning-year liability	\$ 502,547	\$ 441,668	\$ 1,921,162	\$ 1,099,969
Current-year claims and changes in estimates	232,784	114,638	721,816	1,632,779
Claim payments	(126,031)	(53,759)	(834,362)	(811,586)
Balance at fiscal year-end	<u>\$ 609,300</u>	<u>\$ 502,547</u>	<u>\$ 1,808,616</u>	<u>\$ 1,921,162</u>

15. RESERVES AND DESIGNATIONS OF FUND BALANCE:

Reserves segregate portions of fund balance that are not available spendable resources. The various reserves established as of June 30, 2005 were as follows:

	General	Community Promotion	Housing and Community Development	Debt Service	Capital Improvements	Redevelopment Projects	Other Governmental Funds	Total Governmental Funds
Reserves:								
Advances to other funds	\$ 1,448,984	\$ -	\$ -	\$ 1,845,433	\$ 1,288,550	\$ -	\$ 850,000	\$ 5,432,967
Notes receivable	-	-	850,000	-	-	-	2,479,078	3,329,078
Low and moderate income housing	-	-	-	-	-	-	2,333,480	2,333,480
Debt service	-	243,803	-	8,682,360	-	-	1,925,170	10,851,333
Prepaid charges	4,658	12,150	-	-	-	175	-	16,983
Land held for resale	-	-	-	-	-	723,950	-	723,950
	<u>\$ 1,453,642</u>	<u>\$ 255,953</u>	<u>\$ 850,000</u>	<u>\$ 10,527,793</u>	<u>\$ 1,288,550</u>	<u>\$ 724,125</u>	<u>\$ 7,587,728</u>	<u>\$ 22,687,791</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

15. RESERVES AND DESIGNATIONS OF FUND BALANCE (CONTINUED):

	<u>General</u>	<u>Capital Improvements</u>	<u>Redevelopment Projects</u>	<u>Total Governmental Funds</u>
Designations:				
General contingencies	\$ 1,935,325	\$ -	\$ -	\$ 1,935,325
Emergency reserves	1,746,433	-	-	1,746,433
Capital projects	-	29,063,744	14,802,282	43,866,026
Debt service	<u>-</u>	<u>-</u>	<u>2,477,694</u>	<u>2,477,694</u>
	<u>\$ 3,681,758</u>	<u>\$ 29,063,744</u>	<u>\$ 17,279,976</u>	<u>\$ 50,025,478</u>

Reserved for Advances to Other Funds

These reserves represent the amounts that were advanced to other funds and are not anticipated to be repaid in the current year and are not considered as available resources.

Reserved for Notes Receivable

This reserve is provided to indicate that the amounts that are to be paid on the notes are not considered "available" to meet the expenditures of the current period.

Reserved for Low and Moderate Income Housing

This reserve is the unexpended 20% portion of the tax increment revenue received under the California Health and Safety Code which is required to be used for Low and Moderate Income Housing.

Reserved for Debt Service

These reserves are amounts accumulated by the City that are restricted to the payment of long-term debt principal and interest amounts that mature in future years.

Reserved for Prepaid Charges

This reserve represents contractual obligations for cash payments made before June 30, 2005, but will not be recognized as an expenditure until after July 1, 2005.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

15. RESERVES AND DESIGNATIONS OF FUND BALANCE (CONTINUED):

Reserved for Land Held for Resale

This reserve is provided to indicate that land held for resale is not “available” as a resource to meet the expenditures of the current period.

Designated for General Contingencies

These funds are designated for general contingencies of the City from the General Fund.

Designated for Emergency Reserves

These funds are designated as an emergency reserve of the City from the General Fund.

Designated for Capital Projects

These funds are designated to provide for future capital additions as determined by the City Council.

Designated for Debt Service

These funds are designated to provide for future debt payments as determined by the City Council.

16. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES:

The following Special Revenue Funds have deficit fund balances at June 30, 2005. These deficits are primarily the result of cash being transferred to the Capital Projects Funds prior to the funding of projects. As projects are completed and funded, revenues will be accrued in the various Special Revenue Funds.

Community Promotion	\$	193,107
Housing and Community Development		29,192
Other Governmental Funds - Park Dedication		267,637

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

17. COMMITMENTS AND CONTINGENCIES:

Claims and Judgments:

At June 30, 2005, the City was a defendant in a number of lawsuits arising in the ordinary course of operations which allege liability on the part of the City in connection with workers compensation and general liability matters. Management believes that potential losses relating to these lawsuits will not materially affect the financial position of the City.

Grant Contingencies:

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Debt Contingencies:

The Agency has a contingent liability with regard to the \$6.1 million Westminster Redevelopment Agency Multi-Family Housing Revenue Bonds issue dated December 16, 1993. At June 30, 2005, \$5.4 million of the original amount of \$6.1 million in bonds was outstanding. The proceeds of the bonds were loaned by the Westminster Redevelopment Agency to Elderly Development Westminster (Developer) pursuant to a loan agreement between the Agency, Bank of America (Trustee) and the Developer. The agreement was entered into simultaneously with the bond issuance and requires payments sufficient to pay principal and interest consistent with the term bond maturity dates.

If certain conditions are met, such assistance is further limited to 75% of debt service for the first 12 consecutive months, 75% of debt service for the next 12 consecutive months and 50% of annual debt service thereafter. The bondholders have no other recourse against Agency funds and in no event is the Agency liable for amounts in excess of the annual debt service.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

17. COMMITMENTS AND CONTINGENCIES (CONTINUED):

Debt Contingencies (Continued):

Not included in the accompanying financial statements are Variable Rate Demand Multifamily Housing Revenue Bonds (Brookhurst Royale Senior Assisting Living Project) 2000 Series A and Subordinate Taxable Multifamily Housing Revenue Bonds (Brookhurst Royale Senior Assisted Living Project) 2000 Series A-S (collectively, the "Bonds"), conduit debt obligations issued under the name of the Redevelopment Agency. The Bonds were issued to finance the construction of a 117-unit residential care facility for the elderly. The Bonds are not secured by or payable from revenues or assets of the City or the Redevelopment Agency. Neither the faith and credit nor the taxing power of the City of Westminster, the Westminster Redevelopment Agency, the State of California or any political subdivision thereof is pledged to the payment of the principal of and interest on the Bonds nor is the City or the Agency in any manner obligated to make appropriations for payment on these bonds. At June 30, 2005, the aggregate principal amount of Bonds outstanding totaled \$10,800,000.

See accompanying independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION
DO NOT NUMBER HAVE TAB

DO NOT USE – INSERT THEIR TAB

CITY OF WESTMINSTER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 29,485,932	\$ 29,485,932	\$ 33,193,399	\$ 3,707,467
Licenses and permits	650,250	650,250	781,468	131,218
Fines	1,005,000	1,005,000	1,193,903	188,903
Investment and rental	895,869	895,869	1,127,945	232,076
Intergovernmental	94,453	132,783	381,213	248,430
Charges for services	5,197,535	5,197,535	5,728,542	531,007
Other	105,436	117,936	134,441	16,505
TOTAL REVENUES	37,434,475	37,485,305	42,540,911	5,055,606
EXPENDITURES:				
Current:				
General government	1,511,941	1,559,162	1,128,888	430,274
Public safety	29,892,620	30,039,618	29,741,625	297,993
Public works	3,384,453	3,338,637	2,934,063	404,574
Community development	2,509,243	2,553,588	2,189,865	363,723
Community services	1,715,028	1,711,998	1,507,349	204,649
Capital outlay	4,332	57,219	47,129	10,090
TOTAL EXPENDITURES	39,017,617	39,260,222	37,548,919	1,711,303
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,583,142)	(1,774,917)	4,991,992	6,766,909
OTHER FINANCING SOURCES (USES):				
Sale of equipment and property	4,000	4,000	3,295	(705)
Transfers in	1,677,187	1,725,708	1,725,708	-
Transfers out	(456,742)	(509,522)	(509,522)	-
TOTAL OTHER FINANCING SOURCES (USES)	1,224,445	1,220,186	1,219,481	(705)
NET CHANGE IN FUND BALANCE	(358,697)	(554,731)	6,211,473	6,766,204
FUND BALANCE - BEGINNING OF YEAR	15,801,997	15,801,997	15,801,997	-
FUND BALANCE - END OF YEAR	\$ 15,443,300	\$ 15,247,266	\$ 22,013,470	\$ 6,766,204

See accompanying independent auditors' report and note to required supplementary information.

CITY OF WESTMINSTER

BUDGETARY COMPARISON SCHEDULE
COMMUNITY PROMOTION SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 350,000	\$ 350,000	\$ 454,008	\$ 104,008
Investment and rental	53,989	53,989	258,402	204,413
Intergovernmental	-	1,475,000	402,368	(1,072,632)
Charges for services	-	-	962	962
Other	15,000	15,000	24,238	9,238
TOTAL REVENUES	418,989	1,893,989	1,139,978	(754,011)
EXPENDITURES:				
Current:				
Community development	208,442	208,442	171,759	36,683
Community services	25,000	32,000	23,722	8,278
Capital outlay	-	-	2,478	(2,478)
Debt service:				
Principal retirement	145,716	145,716	145,716	-
Interest and fiscal charges	98,087	98,087	98,087	-
TOTAL EXPENDITURES	477,245	484,245	441,762	42,483
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(58,256)	1,409,744	698,216	(711,528)
OTHER FINANCING SOURCES (USES):				
Transfers in	25,000	32,000	32,000	-
Transfers out	-	(1,475,000)	(1,475,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	25,000	(1,443,000)	(1,443,000)	-
NET CHANGE IN FUND BALANCE	(33,256)	(33,256)	(744,784)	(711,528)
FUND BALANCE - BEGINNING OF YEAR	551,677	551,677	551,677	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 518,421	\$ 518,421	\$ (193,107)	\$ (711,528)

See accompanying independent auditors' report and note to required supplementary information.

CITY OF WESTMINSTER

BUDGETARY COMPARISON SCHEDULE
HOUSING AND COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 4,678	\$ 4,678	\$ 1,163	\$ (3,515)
Intergovernmental	2,097,625	2,097,625	1,171,786	(925,839)
Other	177,646	177,646	111,767	(65,879)
TOTAL REVENUES	2,279,949	2,279,949	1,284,716	(995,233)
EXPENDITURES:				
Current:				
Community development	1,210,194	1,210,194	638,231	571,963
Capital outlay	600	600	-	600
Debt service:				
Principal retirement	395,000	395,000	395,000	-
Interest and fiscal charges	16,274	16,274	16,274	-
TOTAL EXPENDITURES	1,622,068	1,622,068	1,049,505	572,563
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	657,881	657,881	235,211	(422,670)
OTHER FINANCING SOURCES (USES):				
Transfers in	24,468	24,468	-	(24,468)
Transfers out	(691,661)	(691,661)	(667,193)	24,468
TOTAL OTHER FINANCING SOURCES (USES)	(667,193)	(667,193)	(667,193)	-
NET CHANGE IN FUND BALANCE	(9,312)	(9,312)	(431,982)	(422,670)
FUND BALANCE - BEGINNING OF YEAR	402,790	402,790	402,790	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 393,478	\$ 393,478	\$ (29,192)	\$ (422,670)

See accompanying independent auditors' report and note to required supplementary information.

CITY OF WESTMINSTER

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2005

1. BUDGETS AND BUDGETARY ACCOUNTING:

The City establishes accounting control through formal adoption of an annual operating budget for the General, Special Revenue and Debt Service Funds. The City Council's policy is to adopt a formal operating budget by June 30 of each year. The legal level of budgetary control, that is, the level at which expenditures cannot exceed appropriations, is the fund level for all General, Special Revenue and Debt Service Funds, and by project in the Capital Projects Funds.

The City Manager may authorize appropriation transfers within a single department, between capital projects with a single funding source, and between departments within the same fund. All increases at the overall fund level must be approved by the City Council. All budget appropriations, except capital project and grant funded budgets, lapse at the end of each fiscal year. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All increases to the adopted budget require Council approval and must clearly state the amount of increase requested, as well as the availability of appropriate funding sources.

See accompanying independent auditors' report.

**SUPPLEMENTARY SCHEDULES
DO NOT NUMBER HAVE TAB**

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SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable and nonexpendable trusts) that are restricted by law or City Council resolution to expenditure for specific purposes.

Parks Dedication Fund - accounts for payments assessed against new residential developments to support community parks. Amounts are required to be used for acquisition and improvement of City parks.

Special Police Services Fund - accounts for the regional and local narcotics suppression programs, Federal grants related to crime prevention and the Westminster Mall police patrol.

Municipal Lighting Fund - accounts for the City's share of property taxes collected under the Municipal Lighting District Act of 1919. Property taxes are collected by the County and paid to the City for operating and maintaining the municipal lighting district.

Special Gas Tax and Street Improvements Fund - accounts for revenues and expenditures apportioned under the Streets and Highways Code of the State of California, Measure M sales taxes, and various grant programs available for street-related expenditures. Expenditures may be made for any street-related purpose in the City's system of streets, including maintenance thereof.

Other Grants Fund - accounts for all Federal, State, County or other grants received which are not otherwise separately accounted for in other funds. These grants include summer youth, air quality management, and Safety, Health and Understanding in Education (S.H.U.E.).

Offsite Drainage District Fund - accounts for revenues received from developers and expenditures to provide storm drain systems within each District.

Redevelopment Agency (RDA) Low and Moderate Income Housing Fund - accounts for the 20% set-aside property tax increment revenues and the associated expenditures to be used for increasing or improving low and moderate income housing, as required by section 33334.2 of the Health and Safety Code.

CITY OF WESTMINSTER

COMBINING BALANCE SHEET
OTHER NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2005

	Parks Dedication	Special Police Services	Municipal Lighting	Special Gas Tax and Street Improvements
ASSETS				
Cash and investments	\$ 441,363	\$ 680,293	\$ 303,028	\$ 1,563,836
Receivables, net of allowance:				
Taxes	-	-	28,983	-
Loans	-	-	-	-
Notes	-	-	-	-
Due from other governments	-	9,922	-	542,077
Restricted cash and investments	-	33,507	-	-
Advances to other funds	-	-	850,000	-
TOTAL ASSETS	\$ 441,363	\$ 723,722	\$ 1,182,011	\$ 2,105,913
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ -	\$ 17,299	\$ 36,353	\$ 7,804
Deposits	-	94,338	-	-
Deferred revenue	-	-	3,902	-
Due to other funds	709,000	-	-	975,000
TOTAL LIABILITIES	709,000	111,637	40,255	982,804
FUND BALANCES (DEFICIT):				
Reserved for:				
Notes receivable	-	-	-	-
Advances to other funds	-	-	850,000	-
Debt service	-	162,535	-	342,635
Low and moderate income housing	-	-	-	-
Unreserved - undesignated	(267,637)	449,550	291,756	780,474
TOTAL FUND BALANCES (DEFICIT)	(267,637)	612,085	1,141,756	1,123,109
TOTAL LIABILITIES AND FUND BALANCES	\$ 441,363	\$ 723,722	\$ 1,182,011	\$ 2,105,913

See accompanying independent auditors' report.

	Other Grants	Offsite Drainage District	RDA Low and Moderate Income Housing	Totals
	\$ 187,182	\$ 81,793	\$ -	\$ 3,257,495
	-	-	170,791	199,774
	-	-	582,281	582,281
	-	-	1,903,048	1,903,048
	32,290	-	-	584,289
	-	-	3,583,377	3,616,884
	-	-	-	850,000
	<u>\$ 219,472</u>	<u>\$ 81,793</u>	<u>\$ 6,239,497</u>	<u>\$ 10,993,771</u>
	\$ 43,583	\$ -	\$ 688	\$ 105,727
	-	-	-	94,338
	-	-	6,251	10,153
	20,000	-	-	1,704,000
	<u>63,583</u>	<u>-</u>	<u>6,939</u>	<u>1,914,218</u>
	-	-	2,479,078	2,479,078
	-	-	-	850,000
	-	-	1,420,000	1,925,170
	-	-	2,333,480	2,333,480
	155,889	81,793	-	1,491,825
	<u>155,889</u>	<u>81,793</u>	<u>6,232,558</u>	<u>9,079,553</u>
	<u>\$ 219,472</u>	<u>\$ 81,793</u>	<u>\$ 6,239,497</u>	<u>\$ 10,993,771</u>

CITY OF WESTMINSTER

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER NONMAJOR SPECIAL REVENUE FUNDS

For the year ended June 30, 2005

	Parks Dedication	Special Police Services	Municipal Lighting	Special Gas Tax and Street Improvements
REVENUES:				
Taxes	\$ -	\$ -	\$ 816,439	\$ 3,150,910
Fines	-	4,200	-	-
Investment and rental	43,088	27,666	25,339	102,527
Intergovernmental	140,910	297,450	-	460,614
Charges for services	-	132,193	-	112,867
Other	-	9,629	-	25,361
TOTAL REVENUES	183,998	471,138	841,778	3,852,279
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	553,765	-	-
Community development	9,200	-	594,774	1,728,192
Community services	-	-	-	-
Capital outlay	-	96,287	-	-
Debt service:				
Principal retirement	-	97,144	-	204,786
Interest and fiscal charges	-	65,635	-	137,849
TOTAL EXPENDITURES	9,200	812,831	594,774	2,070,827
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	174,798	(341,693)	247,004	1,781,452
OTHER FINANCING SOURCES (USES):				
Transfers in	-	351,742	25,000	528,663
Transfers out	(303,120)	(11,150)	-	(1,304,174)
TOTAL OTHER FINANCING SOURCES (USES)	(303,120)	340,592	25,000	(775,511)
NET CHANGE IN FUND BALANCES	(128,322)	(1,101)	272,004	1,005,941
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	(139,315)	613,186	869,752	117,168
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (267,637)	\$ 612,085	\$ 1,141,756	\$ 1,123,109

See accompanying independent auditors' report.

	Other Grants	Offsite Drainage District	RDA Low and Moderate Income Housing	Totals
	\$ -	\$ -	\$ 4,544,248	\$ 8,511,597
	-	-	-	4,200
	7,278	2,235	168,081	376,214
	476,895	-	-	1,375,869
	-	7,141	-	252,201
	41,402	-	26,865	103,257
	<u>525,575</u>	<u>9,376</u>	<u>4,739,194</u>	<u>10,623,338</u>
	49,876	-	-	49,876
	-	-	-	553,765
	141,000	469	28,110	2,501,745
	292,262	-	-	292,262
	-	-	-	96,287
	-	-	-	301,930
	-	-	-	203,484
	<u>483,138</u>	<u>469</u>	<u>28,110</u>	<u>3,999,349</u>
	<u>42,437</u>	<u>8,907</u>	<u>4,711,084</u>	<u>6,623,989</u>
	-	-	573,692	1,479,097
	(110,000)	-	(3,503,055)	(5,231,499)
	<u>(110,000)</u>	<u>-</u>	<u>(2,929,363)</u>	<u>(3,752,402)</u>
	(67,563)	8,907	1,781,721	2,871,587
	<u>223,452</u>	<u>72,886</u>	<u>4,450,837</u>	<u>6,207,966</u>
	<u>\$ 155,889</u>	<u>\$ 81,793</u>	<u>\$ 6,232,558</u>	<u>\$ 9,079,553</u>

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARKS DEDICATION SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 44,145	\$ 44,145	\$ 43,088	\$ (1,057)
Charges for services	-	-	140,910	140,910
TOTAL REVENUES	44,145	44,145	183,998	139,853
EXPENDITURES:				
Current:				
Community development	2,208	2,208	9,200	(6,992)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	41,937	41,937	174,798	132,861
OTHER FINANCING USES:				
Transfers out	(303,120)	(303,120)	(303,120)	-
NET CHANGE IN FUND BALANCE	(261,183)	(261,183)	(128,322)	132,861
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(139,315)	(139,315)	(139,315)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (400,498)	\$ (400,498)	\$ (267,637)	\$ 132,861

See accompanying independent auditors' report.

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SPECIAL POLICE SERVICES SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines	\$ -	\$ -	\$ 4,200	\$ 4,200
Investment and rental	26,857	26,857	27,666	809
Intergovernmental	372,936	400,393	297,450	(102,943)
Charges for services	132,000	132,000	132,193	193
Other	-	-	9,629	9,629
TOTAL REVENUES	531,793	559,250	471,138	(88,112)
EXPENDITURES:				
Current:				
Public safety	715,834	663,020	553,765	109,255
Capital outlay	29,709	113,031	96,287	16,744
Debt service:				
Principal retirement	97,144	97,144	97,144	-
Interest and fiscal charges	65,391	65,391	65,635	(244)
TOTAL EXPENDITURES	908,078	938,586	812,831	125,755
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(376,285)	(379,336)	(341,693)	37,643
OTHER FINANCING SOURCES (USES):				
Transfers in	351,742	354,793	351,742	(3,051)
Transfers out	-	(14,201)	(11,150)	3,051
TOTAL OTHER FINANCING SOURCES (USES)	351,742	340,592	340,592	-
NET CHANGE IN FUND BALANCE	(24,543)	(38,744)	(1,101)	37,643
FUND BALANCE - BEGINNING OF YEAR	613,186	613,186	613,186	-
FUND BALANCE - END OF YEAR	\$ 588,643	\$ 574,442	\$ 612,085	\$ 37,643

See accompanying independent auditors' report.

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MUNICIPAL LIGHTING SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 805,934	\$ 805,934	\$ 816,439	\$ 10,505
Investment and rental	20,108	20,108	25,339	5,231
TOTAL REVENUES	826,042	826,042	841,778	15,736
EXPENDITURES:				
Current:				
Community development	710,520	710,520	594,774	115,746
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	115,522	115,522	247,004	131,482
OTHER FINANCING SOURCES:				
Transfers in	-	25,000	25,000	-
NET CHANGE IN FUND BALANCE	115,522	140,522	272,004	131,482
FUND BALANCE - BEGINNING OF YEAR	869,752	869,752	869,752	-
FUND BALANCE - END OF YEAR	\$ 985,274	\$ 1,010,274	\$ 1,141,756	\$ 131,482

See accompanying independent auditors' report.

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SPECIAL GAS TAX AND STREET IMPROVEMENTS SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 2,796,507	\$ 2,796,507	\$ 3,150,910	\$ 354,403
Investment and rental	80,495	80,495	102,527	22,032
Intergovernmental	-	-	460,614	460,614
Charges for services	70,000	70,000	112,867	42,867
Other	-	-	25,361	25,361
TOTAL REVENUES	<u>2,947,002</u>	<u>2,947,002</u>	<u>3,852,279</u>	<u>905,277</u>
EXPENDITURES:				
Current:				
Community development	1,863,841	1,863,841	1,728,192	135,649
Debt service:				
Principal retirement	204,786	204,786	204,786	-
Interest and fiscal charges	137,849	137,849	137,849	-
TOTAL EXPENDITURES	<u>2,206,476</u>	<u>2,206,476</u>	<u>2,070,827</u>	<u>135,649</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>740,526</u>	<u>740,526</u>	<u>1,781,452</u>	<u>1,040,926</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	528,663	528,663	-
Transfers out	<u>(1,141,592)</u>	<u>(1,304,174)</u>	<u>(1,304,174)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,141,592)</u>	<u>(775,511)</u>	<u>(775,511)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(401,066)	(34,985)	1,005,941	1,040,926
FUND BALANCE - BEGINNING OF YEAR	<u>117,168</u>	<u>117,168</u>	<u>117,168</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (283,898)</u>	<u>\$ 82,183</u>	<u>\$ 1,123,109</u>	<u>\$ 1,040,926</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

OTHER GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 5,907	\$ 5,907	\$ 7,278	\$ 1,371
Intergovernmental	494,165	560,511	476,895	(83,616)
Other	95,926	95,926	41,402	(54,524)
TOTAL REVENUES	595,998	662,344	525,575	(136,769)
EXPENDITURES:				
Current:				
General government	77,702	57,894	49,876	8,018
Community development	169,512	188,512	141,000	47,512
Community services	332,969	380,315	292,262	88,053
TOTAL EXPENDITURES	580,183	626,721	483,138	143,583
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15,815	35,623	42,437	6,814
OTHER FINANCING SOURCES (USES):				
Transfers in	28,000	47,000	-	(47,000)
Transfers out	(138,000)	(157,000)	(110,000)	47,000
TOTAL OTHER FINANCING SOURCES (USES)	(110,000)	(110,000)	(110,000)	-
NET CHANGE IN FUND BALANCE	(94,185)	(74,377)	(67,563)	6,814
FUND BALANCE - BEGINNING OF YEAR	223,452	223,452	223,452	-
FUND BALANCE - END OF YEAR	\$ 129,267	\$ 149,075	\$ 155,889	\$ 6,814

See accompanying independent auditors' report.

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

OFFSITE DRAINAGE DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 1,597	\$ 1,597	\$ 2,235	\$ 638
Charges for services	-	-	7,141	7,141
TOTAL REVENUES	1,597	1,597	9,376	7,779
EXPENDITURES:				
Current:				
Community development	80	80	469	(389)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,517	1,517	8,907	7,390
FUND BALANCE - BEGINNING OF YEAR	72,886	72,886	72,886	-
FUND BALANCE - END OF YEAR	\$ 74,403	\$ 74,403	\$ 81,793	\$ 7,390

See accompanying independent auditors' report.

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

RDA LOW AND MODERATE INCOME HOUSING SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	\$ 3,762,662	\$ 3,762,662	\$ 4,544,248	\$ 781,586
Investment and rental	49,309	49,309	168,081	118,772
Other	-	-	26,865	26,865
TOTAL REVENUES	3,811,971	3,811,971	4,739,194	927,223
EXPENDITURES:				
Current:				
Community development	300,216	300,216	28,110	272,106
TOTAL EXPENDITURES	300,216	300,216	28,110	272,106
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,511,755	3,511,755	4,711,084	1,199,329
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	573,692	573,692
Transfers out	(3,532,338)	(3,532,338)	(3,503,055)	29,283
TOTAL OTHER FINANCING SOURCES (USES)	(3,532,338)	(3,532,338)	(2,929,363)	602,975
NET CHANGE IN FUND BALANCE	(20,583)	(20,583)	1,781,721	1,802,304
FUND BALANCE - BEGINNING OF YEAR	4,450,837	4,450,837	4,450,837	-
FUND BALANCE - END OF YEAR	\$ 4,430,254	\$ 4,430,254	\$ 6,232,558	\$ 1,802,304

See accompanying independent auditors' report.

DEBT SERVICE FUND

The Redevelopment Agency Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs other than those being financed by proprietary funds.

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

REDEVELOPMENT AGENCY DEBT SERVICE FUND

For the year ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 14,459,525	\$ 14,459,525	\$ 16,923,012	\$ 2,463,487
Investment and rental	135,776	135,776	190,369	54,593
TOTAL REVENUES	<u>14,595,301</u>	<u>14,595,301</u>	<u>17,113,381</u>	<u>2,518,080</u>
EXPENDITURES:				
Current:				
General government	4,593,765	4,593,765	4,964,846	(371,081)
Debt service:				
Principal retirement	2,750,000	3,775,000	3,775,000	-
Interest and fiscal charges	1,908,396	1,975,304	1,985,438	(10,134)
Note issuance cost	-	73,849	73,849	-
TOTAL EXPENDITURES	<u>9,252,161</u>	<u>10,417,918</u>	<u>10,799,133</u>	<u>(381,215)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,343,140</u>	<u>4,177,383</u>	<u>6,314,248</u>	<u>2,136,865</u>
OTHER FINANCING SOURCES (USES):				
Issuance of notes	-	3,100,000	3,100,000	-
Transfers in	510,379	510,379	486,621	(23,758)
Transfers out	(5,950,000)	(9,050,000)	(9,047,000)	3,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,439,621)</u>	<u>(5,439,621)</u>	<u>(5,460,379)</u>	<u>(20,758)</u>
NET CHANGE IN FUND BALANCE	<u>(96,481)</u>	<u>(1,262,238)</u>	<u>853,869</u>	<u>2,116,107</u>
FUND BALANCE - BEGINNING OF YEAR	<u>9,673,924</u>	<u>9,673,924</u>	<u>9,673,924</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 9,577,443</u>	<u>\$ 8,411,686</u>	<u>\$ 10,527,793</u>	<u>\$ 2,116,107</u>

See accompanying independent auditors' report.

INTERNAL SERVICE FUNDS

Internal Service Funds finance and account for goods and services provided by one City department to other City departments, or to other governments, on a cost-reimbursement basis, including depreciation. The City used the following Internal Service Funds:

Risk Management Fund - accounts for the administration of the City's general liability insurance and for the payment of any related claims.

Compensation/Benefits Fund - finances and accounts for the City's group medical, vision and dental insurance, workers compensation insurance, unemployment insurance, employee life insurance and compensated absences.

Motor Pool/Equipment Fund - accounts for the maintenance and replacement of City-owned vehicles and equipment.

Facilities/Maintenance Fund - accounts for the City's buildings maintenance and utilities costs.

CITY OF WESTMINSTER

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

June 30, 2005

		<u>Risk Management</u>	<u>Compensation/ Benefits</u>
	ASSETS		
CURRENT ASSETS:			
Cash and investments		\$ 5,941,127	\$ 6,677,150
Accounts receivable		5,127	-
Other receivables		-	39,567
Prepaid items		-	-
Inventories		-	-
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		<u>5,946,254</u>	<u>6,716,717</u>
RESTRICTED ASSETS:			
Cash and investments		<u>565,021</u>	<u>2,006,428</u>
NONCURRENT ASSETS:			
Deferred bond charges		<hr/> -	<hr/> -
CAPITAL ASSETS:			
Buildings		-	-
Vehicles		-	-
Machinery and equipment		-	-
Office furniture, computers and equipment		-	-
Leased property		-	-
Construction in progress		-	-
TOTAL CAPITAL ASSETS		<hr/> -	<hr/> -
Less accumulated depreciation		<hr/> -	<hr/> -
NET CAPITAL ASSETS		<hr/> -	<hr/> -
TOTAL ASSETS		<u>6,511,275</u>	<u>8,723,145</u>

See accompanying independent auditors' report.

/	Motor Pool/ Equipment	Facilities/ Maintenance	Totals
	\$ 2,658,392	\$ 102,826	\$ 15,379,495
	3,725	-	8,852
	-	-	39,567
	242	-	242
	35,561	-	35,561
	<u>2,697,920</u>	<u>102,826</u>	<u>15,463,717</u>
	<u>206,311</u>	<u>273,238</u>	<u>3,050,998</u>
	<u>11,409</u>	<u>86,554</u>	<u>97,963</u>
	-	3,717,897	3,717,897
	2,249,784	-	2,249,784
	192,526	21,544	214,070
	818,049	336,914	1,154,963
	718,694	-	718,694
	299,983	448,398	748,381
	<u>4,279,036</u>	<u>4,524,753</u>	<u>8,803,789</u>
	<u>(1,966,679)</u>	<u>(702,166)</u>	<u>(2,668,845)</u>
	<u>2,312,357</u>	<u>3,822,587</u>	<u>6,134,944</u>
	<u>5,227,997</u>	<u>4,285,205</u>	<u>24,747,622</u>

(Continued)

CITY OF WESTMINSTER

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
(CONTINUED)

June 30, 2005

	<u>Risk Management</u>	<u>Compensation/ Benefits</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 52,696	\$ 46,463
Advances from other funds	360,000	-
Claims payable	152,325	452,154
Compensated absences	-	1,507,811
Certificates of participation	-	-
	<u>565,021</u>	<u>2,006,428</u>
TOTAL CURRENT LIABILITIES		
LONG-TERM LIABILITIES:		
Claims payable	456,975	1,356,462
Compensated absences	-	167,535
Certificates of participation	-	-
	<u>456,975</u>	<u>1,523,997</u>
TOTAL LONG-TERM LIABILITIES		
	<u>1,021,996</u>	<u>3,530,425</u>
TOTAL LIABILITIES		
NET ASSETS:		
Invested in capital assets, net of related debt	-	-
Unrestricted	5,489,279	5,192,720
	<u>5,489,279</u>	<u>5,192,720</u>
TOTAL NET ASSETS		
	<u>\$ 5,489,279</u>	<u>\$ 5,192,720</u>

See accompanying independent auditors' report.

/	Motor Pool/ Equipment	Facilities/ Maintenance	Totals
	\$ 135,895	\$ 84,360	\$ 319,414
	-	-	360,000
	-	-	604,479
	47,773	16,790	1,572,374
	22,643	172,088	194,731
	<u>206,311</u>	<u>273,238</u>	<u>3,050,998</u>
	-	-	1,813,437
	5,308	1,866	174,709
	<u>295,905</u>	<u>1,963,623</u>	<u>2,259,528</u>
	<u>301,213</u>	<u>1,965,489</u>	<u>4,247,674</u>
	<u>507,524</u>	<u>2,238,727</u>	<u>7,298,672</u>
	1,993,809	1,686,875	3,680,684
	<u>2,726,664</u>	<u>359,603</u>	<u>13,768,266</u>
	<u>\$ 4,720,473</u>	<u>\$ 2,046,478</u>	<u>\$ 17,448,950</u>

CITY OF WESTMINSTER

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS

For the year ended June 30, 2005

	Risk Management	Compensation/ Benefits
OPERATING REVENUES:		
Charges for services	\$ 1,137,107	\$ 11,156,209
Other	870,310	300,682
TOTAL OPERATING REVENUES	2,007,417	11,456,891
OPERATING EXPENSES:		
Salaries	-	3,060,215
Maintenance and operations	453,873	1,317,491
Insurance premiums and legal fees	721,142	2,112,900
Claims and benefits	232,784	4,650,099
Depreciation and amortization	-	-
TOTAL OPERATING EXPENSES	1,407,799	11,140,705
OPERATING INCOME	599,618	316,186
NONOPERATING REVENUES (EXPENSES):		
Investment income	-	(85)
Interest and fiscal charges	-	-
Gain (loss) on sale of property and equipment	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	-	(85)
NET INCOME BEFORE TRANSFERS	599,618	316,101
TRANSFERS:		
Transfers in	-	-
Transfers out	-	(1,033,000)
TOTAL TRANSFERS	-	(1,033,000)
CHANGE IN NET ASSETS	599,618	(716,899)
TOTAL NET ASSETS - BEGINNING OF YEAR	4,889,661	5,909,619
TOTAL NET ASSETS - END OF YEAR	\$ 5,489,279	\$ 5,192,720

See accompanying independent auditors' report.

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
\$ 2,479,006	\$ 1,330,001	\$ 16,102,323
164,043	-	1,335,035
<u>2,643,049</u>	<u>1,330,001</u>	<u>17,437,358</u>
718,859	375,304	4,154,378
1,194,028	567,598	3,532,990
-	-	2,834,042
-	-	4,882,883
<u>524,743</u>	<u>104,559</u>	<u>629,302</u>
<u>2,437,630</u>	<u>1,047,461</u>	<u>16,033,595</u>
<u>205,419</u>	<u>282,540</u>	<u>1,403,763</u>
142,449	35,155	177,519
(15,377)	(137,309)	(152,686)
<u>20,248</u>	<u>-</u>	<u>20,248</u>
<u>147,320</u>	<u>(102,154)</u>	<u>45,081</u>
<u>352,739</u>	<u>180,386</u>	<u>1,448,844</u>
313,323	178,622	491,945
<u>(378,150)</u>	<u>(105,790)</u>	<u>(1,516,940)</u>
<u>(64,827)</u>	<u>72,832</u>	<u>(1,024,995)</u>
287,912	253,218	423,849
<u>4,432,561</u>	<u>1,793,260</u>	<u>17,025,101</u>
<u>\$ 4,720,473</u>	<u>\$ 2,046,478</u>	<u>\$ 17,448,950</u>

CITY OF WESTMINSTER

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended June 30, 2005

	Risk Management	Compensation/ Benefits
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customer	\$ 2,002,290	\$ 11,464,730
Payment to suppliers	(1,257,360)	(8,197,940)
Payment to employees	-	(3,118,628)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>744,930</u>	<u>148,162</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	-	-
Cash paid to other funds	-	(1,033,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>(1,033,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	-	-
Proceeds from sale of property	-	-
Principal payment on bonds	-	-
Interest and fiscal charges	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	-	(85)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	744,930	(884,923)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>5,761,218</u>	<u>9,568,501</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,506,148</u>	<u>\$ 8,683,578</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 599,618	\$ 316,186
Depreciation and amortization	-	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(5,127)	7,839
(Increase) decrease in prepaid charges	-	-
(Increase) decrease in inventories	-	-
(Increase) decrease in due from other governments	-	-
Increase (decrease) in accounts payable and accrued liabilities	43,686	(4,904)
Increase (decrease) in claims payable	106,753	(112,546)
Increase (decrease) in compensated absences payable	-	(58,413)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 744,930</u>	<u>\$ 148,162</u>

See accompanying independent auditors' report.

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
\$ 2,676,351	\$ 1,330,001	\$ 17,473,372
(1,160,347)	(504,602)	(11,120,249)
(719,368)	(378,403)	(4,216,399)
<u>796,636</u>	<u>446,996</u>	<u>2,136,724</u>
313,323	178,622	491,945
(378,150)	(105,790)	(1,516,940)
(64,827)	72,832	(1,024,995)
(348,601)	(178,622)	(527,223)
20,248	-	20,248
(21,785)	(165,570)	(187,355)
(14,664)	(110,850)	(125,514)
(364,802)	(455,042)	(819,844)
142,449	35,155	177,519
509,456	99,941	469,404
2,355,247	276,123	17,961,089
<u>\$ 2,864,703</u>	<u>\$ 376,064</u>	<u>\$ 18,430,493</u>
\$ 205,419	\$ 282,540	\$ 1,403,763
524,743	104,559	629,302
27,367	-	30,079
(242)	-	(242)
4,056	-	4,056
5,935	-	5,935
29,867	62,996	131,645
-	-	(5,793)
(509)	(3,099)	(62,021)
<u>\$ 796,636</u>	<u>\$ 446,996</u>	<u>\$ 2,136,724</u>

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AGENCY FUND

Agency funds are used to account for assets held by the City as an agent for individuals, principle organizations, other governments and/or funds.

1915 Acts Bonds Fund - accounts for the collection of assessments and debt repayments on the Limited Obligation Improvement Bonds issued to finance the costs of acquisition of streets, storm drains and traffic improvements in Assessment District No. 92-1.

CITY OF WESTMINSTER

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
1915 ACT BONDS AGENCY FUND

For the year ended June 30, 2005

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
ASSETS:				
Restricted cash and investments	<u>\$ 78,651</u>	<u>\$ 41,496</u>	<u>\$ 38,095</u>	<u>\$ 82,052</u>
LIABILITIES:				
Accounts payable	\$ -	\$ 1,500	\$ -	\$ 1,500
Due to bondholders	<u>78,651</u>	<u>39,996</u>	<u>38,095</u>	<u>80,552</u>
TOTAL LIABILITIES	<u>\$ 78,651</u>	<u>\$ 41,496</u>	<u>\$ 38,095</u>	<u>\$ 82,052</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

GOVERNMENT-WIDE EXPENSES BY PROGRAM

Last Three Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Community Development	Community Services	Interest on Long-term Debt	Water Utility	Total
2004 - 05	\$ 6,015,172	\$ 30,959,971	\$ 7,382,183	\$ 8,075,648	\$ 1,894,745	\$ 2,498,057	\$ 10,675,044	\$ 67,500,820
2003 - 04	6,433,847	28,682,303	3,600,981	14,275,910	1,862,386	2,303,688	10,077,883	67,236,998
2002 - 03	4,392,839	27,244,747	5,435,120	10,286,472	2,027,702	2,397,431	8,871,713	60,656,024

Fiscal year 2002-2003 was the first year of implementation of the government-wide expenses by program. Current year will continue to be added to this schedule until a total of ten years is listed.

CITY OF WESTMINSTER

GOVERNMENT-WIDE REVENUES BY SOURCE

Last Three Fiscal Years

Fiscal Year	Program Revenues			General Revenues			Total
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Investment Earnings	Misc.	
2004 - 05	\$ 18,873,932	\$ 5,564,678	\$ 1,845,256	\$ 55,787,375	\$ 2,337,958	\$ 601	\$ 84,409,800
2003 - 04	18,208,166	5,958,376	216,666	50,509,617	911,414	746	75,804,985
2002 - 03	17,213,345	7,556,590	1,442,637	44,898,817	1,800,728	2,023,673	74,935,790

Fiscal year 2002-2003 was the first year of implementation of the government-wide revenues by source. Current year to will continue to be added to this schedule until a total of ten years is listed.

Source: City Finance Department

CITY OF WESTMINSTER

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Last Ten Fiscal Years

Fiscal Year	(A) General Government	(B) Public Safety	(C) Community Development	(D) Community Services	Capital Outlay	(E) Debt Service	(F) Other	Total
2004 - 05	\$ 6,143,610	\$ 30,295,390	\$ 9,990,250	\$ 1,823,333	\$ 12,022,185	\$ 6,994,778	\$ -	\$ 67,269,546
2003 - 04	4,869,899	28,107,348	10,315,348	1,789,396	10,126,674	3,853,637	-	59,062,302
2002 - 03	4,402,404	28,289,482	11,573,277	2,102,260	5,680,079	3,782,268	-	55,829,770
2001 - 02	3,395,998	26,756,855	10,158,593	2,745,200	6,804,432	3,855,352	-	53,716,430
2000 - 01	2,137,042	25,773,328	8,953,416	2,511,931	5,225,598	3,935,455	-	48,536,770
1999 - 00	1,467,135	25,418,018	9,037,056	1,825,226	4,610,610	3,928,620	-	46,286,665
1998 - 99	1,353,078	23,548,706	7,913,486	1,516,316	3,222,722	5,229,329	-	42,783,637
1997 - 98	2,498,130 *	22,868,584	7,657,153	1,605,768	2,859,124	4,884,264	305,724	42,678,747
1996 - 97	1,495,060	21,778,332	6,933,736	1,330,293	4,117,656	5,047,733	2,426,016	43,128,826
1995 - 96	499,451	21,678,449	6,730,727	1,384,327	2,166,272	4,376,195	-	36,835,421

(A) Legislation and Administration

(B) Police, Fire and RNSP

(C) Administration, Planning, Inspection, Engineering, Traffic Signals, Street Maintenance and Repair,
Park Maintenance and Redevelopment Agency

(D) Culture and Recreation, JTPA Manpower and Cable TV

(E) Westminster Redevelopment Agency

(F) Represents write - down of property held for resale to net realizable value.

* Includes data from the City's Expendable Trust Fund.

Note: Schedule includes the General, Special Revenue, Debt Service and Capital Projects Funds.

CITY OF WESTMINSTER

GENERAL GOVERNMENTAL REVENUES BY SOURCE

Last Ten Fiscal Years

Fiscal	(A)	Licenses and		Interest and		Charges	(B)	
Year	Taxes	Permits	Fines	Rentals	Intergovernmental	Services	Other	Total
2004 - 05	\$ 59,082,016	\$ 781,468	\$ 1,198,103	\$ 2,583,482	\$ 3,995,166	\$ 5,981,705	\$ 374,248	\$ 73,996,188
2003 - 04	51,707,823	740,893	1,156,610	1,168,895	2,673,376	5,530,755	1,273,797	64,252,149
2002 - 03	47,794,596	683,574	1,133,471	2,142,508	5,390,846	6,048,718	875,049	64,068,762
2001 - 02	43,681,763	721,785	1,090,183	3,084,542	6,115,907	5,584,931	1,023,266	61,302,377
2000 - 01	39,144,334	555,355	1,080,779	4,454,706	5,395,887	4,964,532	387,290	55,982,883
1999 - 00	37,070,038	529,520	988,906	3,417,445	4,097,050	4,891,560	483,217	51,477,736
1998 - 99	33,972,235	796,997	977,099	2,553,196	3,069,046	5,608,500	1,296,916	48,273,989
1997 - 98	31,980,242	674,696	485,748	3,817,681	* 3,885,119	5,506,493	1,506,549	* 47,856,528
1996 - 97	28,293,425	592,505	587,302	2,486,345	3,242,592	3,944,102	707,782	39,854,053
1995 - 96	27,904,760	395,410	608,365	2,020,895	2,566,387	4,509,015	483,723	38,488,555

(A) Property, sales, franchise, utility users, transient occupancy, business license, state intergovernmental, gas tax, municipal lighting and Redevelopment Agency property taxes.

(B) Property rental and sales, AB702 credits and surplus safety CalPERS credit

* Includes data from the City's Expendable Trust Fund.

Note: Schedule includes the General, Special Revenue, Debt Service and Capital Projects Funds.

Source: City Finance Department

CITY OF WESTMINSTER

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

Last Ten Fiscal Years

Fiscal Year	(A) Property Tax	Sales Tax	Franchise Tax	Utility Users Tax	Transient OCC Tax	Business License Tax	State Inter - governmental	(B) Special Revenue	Debt Service	Total
2004 - 05	\$ 3,515,609	\$ 15,810,736	\$ 665,255	\$ 5,013,869	\$ 483,807	\$ 1,153,816	\$ 6,550,307	\$ 8,965,605	\$ 16,923,012	\$ 59,082,016
2003 - 04	3,028,233	15,886,792	653,349	4,750,700	460,137	1,264,656	4,384,685	7,485,483	13,793,788	51,707,823
2002 - 03	2,839,403	15,196,645	500,462	4,548,381	403,393	887,209	5,411,162	6,879,197	11,128,744	47,794,596
2001 - 02	2,827,508	14,428,050	678,477	4,404,745	424,536	1,016,105	5,225,810	5,931,233	8,745,299	43,681,763
2000 - 01	3,162,445	14,544,205	578,338	4,247,135	409,727	1,113,442	4,850,251	5,229,279	5,009,512	39,144,334
1999 - 00	2,780,991	13,711,710	875,168	4,527,199	358,948	1,274,427	4,383,268	4,606,621	4,551,706	37,070,038
1998 - 99	2,615,004	12,439,144	846,704	4,488,634	336,325	1,244,402	3,934,380	4,206,283	3,861,359	33,972,235
1997 - 98	2,557,611	12,235,840	972,961	4,663,556	300,875	322,326	3,902,347	3,870,923	3,153,803	31,980,242
1996 - 97	2,353,733	10,091,097	751,326	4,193,643	271,964	320,364	3,349,997	2,897,525	4,063,776	28,293,425
1995 - 96	2,347,176	9,729,730	632,634	4,221,553	237,094	369,349	2,904,470	3,233,134	4,229,620	27,904,760

(A) General government property and property transfer taxes

(B) Municipal Lighting, Special Gas Tax and Street Improvements, Community Promotion and Redevelopment Agency Low Moderate Income Housing.

CITY OF WESTMINSTER

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year	Total Levy	(A) Current Collections	Percentage of Levy Collected	Delinquent Collections	Total Collections	Percentage of Total Collections to Total Levy	Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Levy
2004 - 05	\$ 3,258,297	\$ 3,266,270	100.24%	\$ 218,569	\$ 3,484,839	106.95%	\$ (7,974)	-0.24%
2003 - 04	3,250,303	3,258,761	100.26%	141,527	3,400,288	104.61%	(8,459)	-0.26%
2002 - 03	3,253,308	3,264,879	100.36%	125,173	3,390,052	104.20%	(11,571)	-0.36%
2001 - 02	3,278,382	3,289,060	100.33%	116,864	3,405,924	103.89%	(10,678)	-0.33%
2000 - 01	3,446,792	3,484,247	101.09%	122,916	3,607,163	104.65%	(37,455)	-1.09%
1999 - 00	3,276,654	3,306,660	100.92%	115,673	3,422,333	104.45%	(30,006)	-0.92%
1998 - 99	3,118,345	3,079,857	98.77%	86,722	3,166,579	101.55%	38,488	1.23%
1997 - 98	3,074,095	3,028,518	98.52%	57,540	3,086,058	100.39%	45,577	1.48%
1996 - 97	2,825,689	2,804,337	99.24%	53,353	2,857,690	101.13%	21,352	0.76%
1995 - 96	2,820,590	2,813,282	99.74%	73,690	2,886,972	102.35%	7,308	0.26%

(A) Includes Supplemental Collections

Sources: Orange County Assessor's Office
Orange County Office of Auditor - Controller

CITY OF WESTMINSTER

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY

Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Exemptions	Total		Percentage of
	Assessed Value	Estimated	Assessed Value	Estimated	Real Property	Assessed Value	Estimated	Total Assessed
		Actual Value		Actual Value			Actual Value	Value to Total Estimated Actual Value
2004 - 05	\$ 3,125,630,985	\$ 3,133,280,055	\$ 94,431,085	\$ 94,662,178	\$ 48,480,717	\$ 3,171,581,353	\$ 3,227,942,233	98.25%
2003 - 04	3,125,630,985	3,133,765,341	94,431,085	94,676,839	48,480,717	3,171,581,353	3,228,442,180	98.24%
2002 - 03	3,125,630,985	3,136,747,493	94,431,085	94,766,935	48,480,717	3,171,581,353	3,231,514,428	98.15%
2001 - 02	3,125,255,327	3,135,434,303	94,431,085	94,738,648	48,480,717	3,171,205,695	3,230,172,951	98.17%
2000 - 01	3,846,067,909	3,887,861,790	147,064,180	148,662,275	58,532,823	3,934,599,266	4,036,524,065	97.47%
1999 - 00	3,655,641,652	3,689,118,236	148,789,477	150,152,018	57,096,114	3,747,335,015	3,839,270,254	97.61%
1998 - 99	3,371,999,342	3,330,380,627	125,959,690	124,405,040	53,868,508	3,444,090,524	3,454,785,667	99.69%
1997 - 98	3,243,145,670	3,195,062,415	116,691,556	114,961,473	55,027,487	3,304,809,739	3,310,023,888	99.84%
1996 - 97	3,210,645,947	3,186,385,218	117,510,918	116,622,966	46,592,627	3,281,564,238	3,303,008,184	99.35%
1995 - 96	3,208,421,368	3,200,108,584	115,412,363	115,113,338	47,296,638	3,276,537,093	3,315,221,922	98.83%

Source: Orange County Auditor - Controller

CITY OF WESTMINSTER

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City of Westminster</u>	<u>Special Districts</u>	<u>County</u>	<u>School Districts</u>	<u>Total</u>
2004 - 05	1.000000	0.005200	0.000000	0.040840	1.046040
2003 - 04	1.000000	0.005800	0.000000	0.057530	1.063330
2002 - 03	1.000000	0.006100	0.000000	0.000510	1.006610
2001 - 02	1.000000	0.006700	0.000000	0.000000	1.006700
2000 - 01	1.000000	0.007700	0.000000	0.000000	1.007700
1999 - 00	1.000000	0.000009	0.000000	0.000000	1.000009
1998 - 99	1.000000	0.000009	0.000000	0.000000	1.000009
1997 - 98	1.000000	0.000009	0.000000	0.000000	1.000009
1996 - 97	1.000000	0.000009	0.000000	0.000000	1.000009
1995 - 96	1.000000	0.000009	0.000000	0.000000	1.000009

Rate per \$1000 assessed value

CITY OF WESTMINSTER

PRINCIPAL TAXPAYERS

June 30, 2005

<u>Taxpayers</u>	<u>Assessed Business Activity</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Value</u>
Retail Property Trust	Commercial	\$ 118,597,640	3.74%
WRI Golden State LLC	Commercial	58,997,504	1.86%
Revx 224, Inc.	Commercial	26,869,703	0.85%
Ralph's Grocery Company	Commercial	27,130,201	0.86%
Asian Garden Limited	Commercial	23,441,722	0.74%
Delma Corporation	Residential	16,554,355	0.52%
CMF Inc.	Commercial	18,266,021	0.58%
Dayton Hudson Corporation	Commercial	10,786,720	0.34%
California Drive In Theatres/Wal Mart	Commercial	14,971,942	0.47%
Realty Associated Fund IV Ltd Partner	Industrial	11,913,553	0.38%
		<u>\$ 327,529,361</u>	<u>10.33%</u>

Source: HdL, Coren & Cone

CITY OF WESTMINSTER

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2005

Assessed value (net of Redevelopment increment) - June 30, 2005	<u>\$3,171,581,353</u>
Debt Limit: 15% of assessed value	\$ 475,737,203
Less total debt applicable to limitation	<u>58,332,534 *</u>
LEGAL DEBT MARGIN	<u>\$ 534,069,737</u>

The legal debt margin for the City of Westminster, California is calculated using a debt limit of 15 percent of the assessed value of property within the City limits.

* - Does not include advances from other funds.

Sources: Orange County Assessor's Office
City Finance Department

CITY OF WESTMINSTER

RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND PER CAPITA

Last Ten Fiscal Years

Fiscal Year	(A) Population	(B) Assessed Value	Civic Center Authority	Water Revenue Bond	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2004 - 05	92,270	\$ 3,171,581,353	\$ -	\$ -	-	-
2003 - 04	90,643	3,171,581,353	-	-	-	-
2002 - 03	90,643	3,171,581,353	-	-	-	-
2001 - 02	89,297	3,171,205,695	-	-	-	-
2000 - 01	88,207	3,934,599,266	-	-	-	-
1999 - 00	86,248	3,747,335,015	-	-	-	-
1998 - 99	86,248	3,444,090,524	-	-	-	-
1997 - 98	84,835	3,304,809,739	-	-	-	-
1996 - 97	83,141	3,281,564,238	-	-	-	-
1995 - 96	82,536	3,276,537,093	-	-	-	-

(A) State Department of Finance Estimates

(B) From Schedule of Assessed and Estimated Actual Value of Property

Sources: Orange County Assessor's Office
City Finance Department

CITY OF WESTMINSTER

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT (1)
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
2004 - 05	\$ -	\$ -	\$ -	\$ 67,269,543	0.00%
2003 - 04	-	-	-	59,062,302	0.00%
2002 - 03	-	-	-	55,829,770	0.00%
2001 - 02	-	-	-	53,716,430	0.00%
2000 - 01	-	-	-	48,536,770	0.00%
1999 - 00	-	-	-	46,286,665	0.00%
1998 - 99	-	-	-	42,783,637	0.00%
1997 - 98	-	-	-	42,678,747	0.00%
1996 - 97	-	-	-	43,128,826	0.00%
1995 - 96	-	-	-	36,835,421	0.00%

(1) Civic Center Authority

CITY OF WESTMINSTER

COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL DEBT
GENERAL OBLIGATIONS

For the year ended June 30, 2005

Jurisdiction	Net General Obligations Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Direct:			
City of Westminster	<u>\$ 9,700,000</u>	100.00%	<u>\$ 9,700,000</u>
Overlapping:			
School	31,691,252	18.93%	5,998,336
Special Districts	1,470,062	0.59%	8,709
County	<u>15,100,929</u>	1.20%	<u>181,062</u>
TOTAL OVERLAPPING DEBT	<u>48,262,243</u>		<u>6,188,107</u>
TOTAL DIRECT AND OVERLAPPING DEBT	57,962,243		15,888,107
Less:			
Orange County Transportation Authority	(33,523)		-
MWDOC Water Facilities Corporation	<u>(471,914)</u>		<u>-</u>
NET COMBINED TOTAL DEBT	<u>\$ 57,456,806</u>		<u>\$ 15,888,107</u>

Source: California Municipal Statistics

CITY OF WESTMINSTER

ENTERPRISE FUND FINANCING COVERAGE

Last Ten Fiscal Years

Fiscal Year	(A) Gross Revenues	(B) Operating Expenses	Net Revenue Available for Debt Service	(C) Principal	Interest	Total	Coverage
2004 - 05	\$ 10,524,867	\$ 9,035,380	\$ 1,489,487	\$ 145,000	\$ 188,241	\$ 333,241	4.47
2003 - 04	10,304,124	8,375,396	1,928,728	135,000	194,352	329,352	5.86
2002 - 03	9,637,017	7,384,480	2,252,537	130,000	201,135	331,135	6.82
2001 - 02	9,634,057	7,388,576	2,245,481	125,000	205,701	330,701	6.79
2000 - 01	9,619,952	7,865,648	1,754,304	120,000	211,048	331,048	5.30
1999 - 00	9,824,626	8,173,589	1,651,037	115,000	216,177	331,177	4.99
1998 - 99	9,186,032	7,931,885	1,254,147	200,000	243,266	443,266	2.83
1997 - 98	9,127,647	7,539,724	1,587,923	90,000	282,495	372,495	4.26
1996 - 97	9,572,030	7,544,395	2,027,635	85,000	286,108	371,108	5.46
1995 - 96	8,955,570	7,505,496	1,450,074	80,000	289,308	369,308	3.93

(A) Includes operating and nonoperating revenues

(B) Includes total operating expenses exclusive of depreciation, amortization and vehicle replacement charges.

(C) Includes premium on calls

CITY OF WESTMINSTER

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Median Age</u>	<u>(3) School Enrollment</u>	<u>(4) Unemployment Rate (%)</u>
2005	92,270	34.1	10,000	4.60%
2004	90,643	34.1	10,000	4.50%
2003	90,643	34.1	10,179	3.20%
2002	89,297	34.1	10,000	3.20%
2001	88,207	34.1	10,017	3.20%
2000	86,248	30.2	10,000	3.40%
1999	86,248	30.2	9,823	3.40%
1998	84,835	30.2	9,537	3.30%
1997	83,141	30.2	9,264	4.00%
1996	82,536	30.2	9,130	5.00%

Sources:

- (1) State Department of Finance
- (2) Demographic Research Unit, California Department of Finance - 1991 to 1994 not available
- (3) Westminster School District
- (4) State of California, Employment Development Department

CITY OF WESTMINSTER

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS

Last Ten Fiscal Years

Fiscal Year	Property Value (1)				Commercial Construction		Residential Construction		Bank Deposits (A)
	Commercial	Residential	Exemptions	Total	Number of Units	Value	Number of Units	Value	
2004 - 05	\$ 639,967,792	\$ 2,541,792,980	\$ 48,480,717	\$ 3,133,280,055	354	\$ 19,294,081	1,406	\$ 31,454,781	\$ 1,679,372,000
2003 - 04	572,026,778	2,610,219,280	48,480,717	3,133,765,341	309	14,903,949	1,410	37,149,678	1,573,719,000
2002 - 03	483,836,165	2,701,392,045	48,480,717	3,136,747,493	308	16,717,588	153	20,039,992	1,398,472,000
2001 - 02	483,636,692	2,700,278,328	48,480,717	3,135,434,303	201	27,054,321	1,122	25,619,457	697,519,000
2000 - 01	834,662,461	3,111,732,153	58,532,823	3,887,861,791	247	25,486,187	921	6,292,430	1,122,274,000
1999 - 00	719,273,155	3,026,941,195	57,096,114	3,689,118,236	244	22,611,047	1,028	8,783,023	1,114,349,000
1998 - 99	379,035,903	3,005,213,232	53,868,508	3,330,380,627	136	4,707,893	1,080	47,021,962	1,039,032,000
1997 - 98	630,517,441	2,619,572,461	55,027,487	3,195,062,415	252	22,733,126	1,050	27,886,100	983,160,000
1996 - 97	623,964,724	2,609,013,121	46,592,627	3,186,385,218	256	9,028,802	1,067	24,352,596	981,011,000
1995 - 96	496,852,999	2,750,552,223	47,296,638	3,200,108,584	211	8,011,757	1,168	12,536,593	616,570,000

(1) Estimated assessed value from Schedule of Assessed and Estimated Actual Value of Property

(A) Source: The Findley Reports

CITY OF WESTMINSTER

MISCELLANEOUS STATISTICAL INFORMATION

June 30, 2005

Date of Incorporation	1957
Population	92,270
Form of Government	Council/Manager
Total Number of Employees	282
Area in Square Miles	10.6
Name of Government Facilities and Services:	
Miles of streets	171
Number of street lights	4,687
Culture and Recreation:	
Community centers	1
Recreation centers	2
Parks	25
Park acreage	81.45
Tennis courts	11
Fire Protection:	
Number of stations	3
Number of fire personnel and officers (contract)	45
Police Protection:	
Number of stations	1
Number of police personnel and officers	149
Number of patrol units	23
Number of law violations:	
Physical arrests	2,384
Traffic violations	10,863
Parking violations	18,321
Water System:	
Miles of water mains	157
Number of service connections	19,987
Number of fire hydrants	2,611
Daily average consumption in acre feet	24.66
Maximum daily capacity produced by City in acre feet per day	60
Facilities and Services not Included in the Reporting Entity:	
Education:	
Number of elementary schools	13
Number of secondary schools	3
Number of instructors	513
Hospitals:	
Number of hospitals (long term acute care)	1
Number of patient beds	109

Source: City Departments of Finance, Community Development, Police, Public Works and Planning